# LOMIKO METALS INC.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine month period ended April 30, 2023 and April 30, 2022

# INDEX TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## TO THE SHAREHOLDERS OF LOMIKO METALS INC.

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and have been reviewed and approved by the Company's Audit Committee and Board of Directors.

The Company's independent auditor has not performed an audit or a review of these unaudited condensed consolidated interim financial statements for the nine-month periods ended April 30, 2023 and April 30, 2022.

**LOMIKO METALS INC.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

| | | As at April 30, 2023 | | As at July 31, 2022 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current** | | | | |
| Cash and cash equivalents (Note 3 & 9) | $ | 2,019,158 | $ | 3,768,063 |
| Other receivables | | 67,129 | | 44,722 |
| Prepaid expenses | | 26,035 | | 64,649 |
| | | 2,112,322 | | 3,877,434 |
| **Non-current** | | | | |
| Investments in associates (Note 4) | | 2 | | 2 |
| Exploration and evaluation advances | | 95,744 | | 457,306 |
| Exploration and evaluation assets (Note 5) | | 11,454,964 | | 9,349,726 |
| | | 11,550,710 | | 9,807,034 |
| | $ | 13,663,032 | $ | 13,684,468 |
| **LIABILITIES** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities (Note 7, 9 and 11) | $ | 231,199 | $ | 812,060 |
| Flow-through premium liability (Note 8) | | 122,157 | | 366,780 |
| | | 353,356 | | 1,178,840 |
| **EQUITY** | | | | |
| Share capital (Note 6) | | 39,259,498 | | 38,188,177 |
| Reserves (Note 6) | | 3,648,651 | | 5,189,837 |
| Deficit | | (29,598,473) | | (30,872,386) |
| | | 13,309,676 | | 12,505,628 |
| | $ | 13,663,032 | $ | 13,684,468 |

Nature of Operations and Going Concern (Note 1)
Events after reporting period - (Note 13)

Approved on behalf of the Board:

| | |
|---|---|
| "Belinda Labatte" | "Vincent Osbourne" |
| Belinda Labatte - Chief Executive Officer | Vincent Osbourne - Chief Financial Officer & Corporate Secretary |

*The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.*

**LOMIKO METALS INC.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

| | Three Months Ended April 30 2023 | Three Months Ended April 30 2022 | Nine Months Ended April 30 2023 | Nine Months Ended April 30 2022 |
|---|---|---|---|---|
| **EXPENSES** | | | | |
| Advertising and promotion | $ 63,568 | $ 69,233 | $ 190,162 | $ 346,392 |
| Insurance | 7,253 | - | 16,611 | - |
| Management and consulting fees | 53,672 | 70,773 | 181,159 | 902,110 |
| Office, general and administration | 16,878 | 16,343 | 56,947 | 72,998 |
| Professional fees | 47,144 | 110,156 | 168,486 | 306,795 |
| Regulatory and filing fees | 11,245 | 15,306 | 45,433 | 75,914 |
| Salaries and benefits | 191,339 | 182,745 | 545,622 | 245,368 |
| Shareholder communications | 35,386 | 21,940 | 140,431 | 63,969 |
| Share-based payments (Note 6) | 78,879 | 208,164 | 444,123 | 938,602 |
| Travel | 21,473 | 8,948 | 48,369 | 42,082 |
| Loss from operations | (526,837) | (703,638) | (1,837,343) | (2,994,230) |
| **Other income/(loss)** | | | | |
| Other income | - | - | 138 | - |
| Amortization of flow-through premium liability (Note 8) | 40,266 | 185,506 | 430,873 | 314,860 |
| Part XII.6 interest | - | - | (16,164) | - |
| | 40,266 | 185,506 | 414,847 | 314,860 |
| Loss before income tax | (486,571) | (518,132) | (1,422,496) | (2,679,370) |
| Income tax recovery | - | - | 93,135 | - |
| **Net loss and comprehensive loss for the period** | $ (486,571) | $ (518,132) | $ (1,329,361) | $ (2,679,370) |
| **Basic and Diluted Loss Per Share** | $ (0.00) | $ (0.00) | $ (0.00) | $ (0.01) |
| **Basic and Diluted Weighted Average Common Shares** | 347,620,731 | 277,269,158 | 317,851,372 | 254,518,144 |

*The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.*

**LOMIKO METALS INC.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

| | Three Months Ended April 30 | | Nine Months Ended April 30 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Cash flows (used in) operating activities** | | | | |
| Net (loss) from continuing operations | $ (486,571) | $ (518,132) | $ (1,329,361) | $ (2,679,370) |
| Adjustments | | | | |
| Share-based compensation | 78,879 | 208,164 | 444,123 | 938,602 |
| Amortization of flow-through premium | (40,266) | (185,506) | (430,873) | (314,860) |
| | (447,958) | (495,474) | (1,316,111) | (2,055,628) |
| **Changes in non-cash working capital items:** | | | | |
| Other receivables | 96,459 | 36,678 | (22,407) | 69,806 |
| Prepaid expenses | 22,478 | 14,124 | 38,614 | 51,252 |
| Accounts payable | (1,104) | 2,973 | (580,861) | (80,814) |
| | (330,125) | (441,699) | (1,880,765) | (2,015,384) |
| **Cash flows from financing activities** | | | | |
| Flow through shares | - | - | 745,000 | 2,120,700 |
| Issuance of shares for cash | - | - | 1,215,615 | 1,516,000 |
| Options exercised | - | 62,500 | - | 70,000 |
| Warrants exercised | - | - | - | 64,400 |
| Share issue costs | - | (1,231) | (85,080) | (185,447) |
| | - | 61,269 | 1,875,535 | 3,585,653 |
| **Cash flows used in investing activities** | | | | |
| Exploration and evaluation expenditures | (203,315) | (277,177) | (2,105,237) | (905,469) |
| Exploration and evaluation advance | (12,068) | (100,865) | 361,562 | (476,235) |
| | (215,382) | (378,042) | (1,743,675) | (1,381,704) |
| **Increase/(decrease) in cash** | (545,508) | (758,472) | (1,748,905) | 188,565 |
| **Cash and cash equivalents, beginning of period** | 2,564,666 | 5,986,871 | 3,768,063 | 5,039,834 |
| **Cash and cash equivalents, end of period** | $ 2,019,158 | $ 5,228,399 | $ 2,019,158 | $ 5,228,399 |

*The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.*

**LOMIKO METALS INC.**

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian Dollars)

| | Common Shares Without Par Value | | | | |
|---|---|---|---|---|---|
| | Shares | Amount | Reserves | Deficit | Total Equity |
| **Balance, July 31, 2021** | **237,951,546** | **$ 35,839,156** | **$ 2,947,824** | **$ (27,760,150)** | **$ 11,026,830** |
| Issuance of shares for cash | 18,440,870 | 1,516,000 | - | - | 1,516,000 |
| Issuance of flow through shares | 18,950,000 | 2,120,700 | - | - | 2,120,700 |
| Flow through share premium | - | (461,022) | - | - | (461,022) |
| Share issue costs | - | (185,447) | - | - | (184,447) |
| Fair value assigned to warrants | - | (1,159,492) | 1,159,492 | - | - |
| Warrants exercised | 920,000 | 64,400 | - | - | 64,400 |
| Transfer of reserves on exercise of warrants | - | 12,966 | (12,966) | - | - |
| Options exercised | 1,400,000 | 70,000 | - | - | 70,000 |
| Transfer of reserves on exercise of options | - | 68,438 | (68,438) | - | - |
| Options expired | - | - | (118,619) | 118,619 | - |
| Options cancelled | - | - | (140,661) | 140,661 | - |
| Share based compensation | - | - | 938,602 | - | 938,602 |
| Net loss for the period | - | - | - | (2,679,370) | (2,679,370) |
| **Balance, January 31, 2022** | **277,662,416** | **$ 37,885,699** | **$ 4,705,234** | **$ (30,180,240)** | **$ 12,410,693** |
| Issuance of shares for cash | 509,130 | | - | - | 509,130 |
| Issuance of flow through shares | 9,256,270 | 634,750 | - | - | 634,750 |
| Flow through share premium | - | (195,308) | - | - | (195,308) |
| Share issue costs | - | (41,375) | - | - | (42,606) |
| Fair value assigned to warrants | | (95,589) | 95,589 | - | - |
| Options cancelled | - | - | (29,164) | 29,164 | - |
| Share based compensation | - | - | 418,178 | - | 418,178 |
| Net loss for the period | - | - | | (721,310) | (1,239,444) |
| **Balance, July 31, 2022** | **287,427,816** | **$ 38,188,177** | **$ 5,189,837** | **$ (30,872,386)** | **$ 12,505,628** |
| Issuance of shares for cash | 40,520,497 | 1,215,615 | - | - | 1,215,615 |
| Issuance of flow through shares | 18,625,000 | 745,000 | - | - | 745,000 |
| Shares issued on vested RSUs | 1,684,524 | 126,339 | (126,339) | - | - |
| Flow through share premium | - | (186,250) | - | - | (186,250) |
| Share issue costs | - | (85,080) | - | - | (85,080) |
| Fair value assigned to warrants | - | (744,304) | 744,304 | - | - |
| Warrants expired | - | - | (2,559,548) | 2,559,548 | - |
| Options expired | - | - | (43,726) | 43,726 | - |
| Share based compensation | - | - | 444,123 | - | 444,123 |
| Net loss for the period | - | - | - | (1,329,361) | (1,329,361) |
| **Balance, April 30, 2023** | **348,257,837** | **$ 39,259,497** | **$ 3,648,651** | **$ (29,598,473)** | **$ 13,309,675** |

*The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.*

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Lomiko Metals Inc., (along with its subsidiaries collectively referred to as the "Company" or "Lomiko"), is engaged in the acquisition, exploration and development of resource properties. The Company was incorporated on July 3, 1987, under the British Columbia Company Act. The Company is listed on the TSX-Venture Exchange ("TSX-V") having the symbol LMR.V as a Tier 2 mining issuer and on the Over the Counter Markets Exchange in the United States having the symbol LMRMF, and the Frankfurt Exchange in Germany having the symbol DH8C.

The Company's registered office is unit 439-7184 120$^{th}$ Street, Surrey, British Columbia, Canada V3W 0M6.

Going Concern

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred cumulative losses of $29,598,473 and has reported a loss of $1,329,361 for the period ended April 30, 2023. The ability of the Company to continue as a going concern is dependent upon successfully obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests, or a combination thereof. There can be no assurance that funding from this will be sufficient in the future to continue and develop its mineral properties. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated interim unaudited financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements of the Company, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were approved and authorized for issue by the Board of Directors on June 27, 2023.

(b) Basis of Presentation

These unaudited condensed consolidated interim financial statements are for the nine months ended April 30, 2023, have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB). They do not include all the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated statements for the year ended July 31, 2022. These unaudited condensed consolidated interim statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's July 31, 2022, annual financial statements.

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE - continued

(c) Basis of Consolidation

These unaudited condensed consolidated interim financial statements of the Company incorporate the financial statements of the Company and its wholly owned subsidiaries, The Conac Company Inc., Conac Software (USA) Inc., Lomiko Metals Inc. and Lomiko Technologies Inc. from the day the Company gains control over the subsidiaries and ceases when the Company loses control of the subsidiaries. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect the investee's returns.

The Company reassesses whether it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three above mentioned elements.

All significant intercompany transactions, balances, income and expenses are eliminated on consolidation.

(d) Use of management estimates, judgements, and measurement uncertainty

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgements made by management in the preparation of these unaudited condensed consolidated interim financial statements are outlined below:

<u>Presentation currency and foreign currency translation</u>

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars which is the functional currency of the Company and of each subsidiary.

Foreign currency transactions are translated into functional currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from re-measurement of foreign currency denominated monetary items at reporting period and exchange rates are recognized in profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rates in effect at the time of the initial transaction and are not subsequently re-measured at reporting period ends.

<u>Decommissioning liabilities</u>

The Company recognizes a provision for statutory, contractual, constructive or legal obligations, including those associated with the decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or evaluation of exploration and evaluation assets. Provisions for site closure and decommissioning 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.

As at April 30, 2023 and July 31, 2022, the Company did not have any decommissioning liabilities.

<u>Significant Accounting Judgments and Estimates</u>

The preparation of the Company's unaudited condensed consolidated financial statements in accordance with IFRS requires Company's management to make certain judgments, estimates and assumptions

(Unaudited - Expressed in Canadian Dollars)

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE - continued

about recognition and measurement of assets, liabilities, income and expenses. Actual results are likely to differ from these estimates. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses in these financial statements are discussed below:

*Going concern*: The assessment of the Company's ability to continue as a going concern requires significant judgment. The Company considers the factors outlined in Note 1 when making its going concern assessment.

*Exploration and evaluation assets*: The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether there are indicators of impairment that require management to determine whether the recoverable amount is not less than the carrying amount The carrying value of these assets is detailed at Note 5.

*Title to Mineral Property Interests*: Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

*Share-based payments:* The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers and employees. The use of Black-Scholes required management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could a material impact on the share-based payment calculation value.

## 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the statement of financial position usually comprise of cash at bank, held in trust, and short-term deposits with an original maturity of six months or less, which are readily convertible into a known amount of cash.

| | **April 30, 2023** | July 31, 2022 |
|---|---|---|
| Cash | $ 1,994,158 | $ 3,743,063 |
| Guaranteed investment certificate | 25,000 | 25,000 |
| | $ 2,019,158 | $ 3,768,063 |

## 4. INVESTMENT IN ASSOCIATES

**Promethieus Technologies Inc.**

On May 23, 2018, the Company purchased 200 common shares of Promethieus Cryptocurrency Mining Corporation, a private company, incorporated in British Columbia on January 24, 2018. On October 28, 2018, Promethieus Cryptocurrency Mining Corporation changed its name to Promethieus Technologies Inc (PTI), The Company currently holds 20% (2021-20%) of the outstanding shares of PCM.

(Unaudited - Expressed in Canadian Dollars)

## 4. INVESTMENT IN ASSOCIATES - continued

On July 31, 2019 the Company signed an agreement with Promethieus Technologies Inc. (PTI) to sell its subsidiary, Lomiko Technologies Inc. for $1,236,625 plus expenses incurred by the Company of $152,857. The sale will be subject to PTI successfully completing an equity financing in the amount of $3,670,750. Once the equity financing is secured, the Company will transfer to Lomiko Technologies Inc, all of its interests in Smart Home Devices Ltd., Promethieus Technologies Inc., and Graphene ESD Corp. As at April 30, 2023, the sale had not completed.

The amount due from associate of $152,857 was due from PTI for payment of expenses on behalf of PTI. The amount was unsecured and there are no specified terms of repayment. On July 31, 2022, the Company determined the advance to be uncollectible and recorded a loss of $152,857.

The Company exercises significant influence over PTI as it owns, along with a common director, 62% of the voting shares. It accounts for its investment on the equity basis.

| | Number of shares held | | |
|---|---|---|---|
| **April 30, 2023, and July 31, 2022** | 200 | $ | 2 |

Summary of investment in associates:

| | April 30, 2023 | | July 31, 2022 | |
|---|---|---|---|---|
| Promethieus Technologies Inc. | $ | 2 | $ | 2 |

## 5. EXPLORATION AND EVALUATION ASSETS

La Loutre – Quebec

On September 22, 2014 the Company obtained an option with Quebec Precious Metals Corporation (formally Canada Strategic Metals Inc.) ("QPM"), to purchase a 40% interest in the La Loutre Flake Graphite Property located in Southern Quebec by paying $12,500, funding $500,000 in exploration expenditures and issuing 125,000 shares at a price of $0.70 per share.

On February 6, 2015 (amended December 30, 2016), the Company signed an agreement with QPM to acquire an additional 40% interest in the La Loutre property. The agreement also included an option for a property that the Company ceased all exploration programs on, in 2018 and impaired. The Company paid $10,000 upon signing, issued 300,000 shares valued at $0.70 per share, and agreed to fund $1,500,000 on the La Lautre property.

**5. EXPLORATION AND EVALUATION ASSETS - continued**

Included in the Exploration Expenditures is a management fee payable to QPM (the "Operator") equal to 5% of expenditures incurred.

The La Loutre property is subject to a 1.5% net smelter royalty ("NSR") of which 0.5% "NSR" can be purchased by the Company for $500,000.

On May 13, 2016 (amended December 30, 2016 and April 16, 2020) the Company signed an additional option agreement on the La Loutre property, allowing the Company to increase its interest in the property from 80% to 100%. The terms of the acquisition are as follows:

- Issuance of 950,000 common shares - 450,000 have been issued as of May 31, 2017, Issuance of the remaining 500,000 shares has been replaced with the 1,000,000 share issuance below
- Issuance of 1,000,000 common shares (issued June 23, 2020)
- Funding exploration expenditures for an additional $1,125,000 due December 31, 2022 (paid)

Bourier – Quebec

On April 24, 2021 (amended December 31, 2021) the Company entered into an option agreement with Critical Elements Lithium Corporation ("Critical") to acquire up to a 70% undivided interest in the Bourier property located in Quebec.

The Bourier Property is composed of one block totalling 203 claims located along the east side of the new Rupert hydroelectric complex. It is subject to a 1.4% NSR on 87 claims.

Under the terms of the agreement the Company will earn its interest in the Bourier property by way of a joint venture arrangement. The keys terms of the agreement are as follows

FIRST OPTION

The Company may earn, on or before December 31, 2022, a 49% earned interest in the Bourier Property by:

- making a cash payment to Critical of $25,000 within a delay of five (5) days following the execution of the Agreement (paid);

- making a cash payment to Critical of $25,000 within a delay of five (5) days following the receipt of the required approvals from the TSX-V (paid);

- issuing to Critical 5,000,000 common shares immediately following the receipt of the required approvals from the TSX-V (issued with a fair value of $700,000); and incurring or funding exploration expenditures aggregating not less than $1,300,000 on the Bourier Property, of which an amount of $550,000 ($373,012 incurred as at July 31, 2022) must be incurred or funded before December 31, 2021 and an amount of $750,000 before December 31, 2022.

On December 31, 2021, the Company and Critical Elements agreed to amend Section 4.1(d) of the Option Agreement such that $1,001,772 of exploration expenditures be incurred on the Property on or before December 31, 2022 and if such exploration expenditures cannot be approved or incurred by the Operator they shall be deferred to December 31, 2023.

SECOND OPTION

Subject to the Company having exercised the First Option, the Company has an option to increase its undivided interest in the Bourier Property from 49% to 70% by:

## 5. EXPLORATION AND EVALUATION ASSETS - continued

- making a cash payment to Critical of $250,000 and issuing 2,500,000 common shares, on or before the date of delivery of the First Option Exercise Notice;

- incurring or funding additional exploration expenditures for an amount of $2,000,000 on or before December 31, 2023; and

- delivering the Resource Estimate to Critical on or before December 31, 2023.

MILESTONE PAYMENTS

Subject to the Company's right to withdraw from and terminate the First Option, the Company agrees to pay the following milestone payments, payable at any time following the exercise of the First Option upon the occurrence of the following:

- On the estimation of a drilled defined resource (NI 43-101 compliant) of 5,000,000 tonnes at a cut-off grade of 0.6% Li2O (all categories) a payment of $750,000, payable in cash or in common shares of the Company at the sole discretion the Company;

- On the estimation of a drilled defined resource (NI 43-101 compliant) of 5,000,000 tonnes at a cut-off grade of 0.6% Li2O (all categories) a payment of $750,000, payable in cash or in common shares of the Company at the sole discretion the Company;

- On the estimation of a drilled defined resource (NI 43-101 compliant) of 15,000,000 tonnes at a cut-off grade of 0.6% Li2O (all categories) a payment of $1,500,000, payable in cash or in common shares of the Company at the sole discretion the Company;

- On the estimation of a drilled defined resource (NI 43-101 compliant) of 20,000,000 tonnes at a cut-off grade of 0.6% Li2O (all categories) a payment of $2,000,000, payable in cash or in common shares Company at the sole discretion the Company.

ROYALTY

Following the exercise of the First Option, and in addition to the amounts paid, common shares issued and exploration expenditures incurred or funded under the First Option, and thereafter under the Second Option, as applicable, the Company shall pay a royalty equal to 2% net smelter returns resulting from the extraction and production of any minerals.

The Company has the right to purchase a portion thereof (1%) by paying $2,000,000.

Laurentide Region – Quebec

In March 2022 the Company staked approximately 15,639 hectares of mineral claims, 268 claims in total, on six projects in the Laurentide region of Quebec and within Kitigan Zibi traditional First Nation territory. These new claims lie within a 100km radius of the Company's flagship La Loutre graphite project and 28 claims are directly contiguous to La Loutre, with the Company claim package now covering 4,528 hectares.

(Unaudited - Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS - continued

Summary of Exploration and Evaluation Assets

| | La Loutre | Bourier | Laurentide Region | Carmin | Total |
|---|---|---|---|---|---|
| Balance, July 31, 2021 | $ 5,193,200 | $ 829,863 | $ - | $ - | $ 6,023,063 |
| Assays, staking and mapping | - | - | - | - | 21,054 |
| Contractors/consultants | 2,815,408 | - | - | - | 3,339,680 |
| Field storage | 17,460 | - | - | - | 17,460 |
| Quebec mining tax credit | (51,531) | - | - | - | (51,531) |
| Balance, July 31, 2022 | $ 7,974,537 | $ 1,123,012 | $ 252,177 | - | $ 9,349,726 |
| Assays, staking and mapping | 88,363 | - | - | - | 88,363 |
| Claim renewal | 2,293 | - | - | - | 2,293 |
| Contractors/consultants | 1,554,685 | 472,375 | - | 2,519 | 2,029,579 |
| Field storage | 11,640 | - | - | - | 11,640 |
| Quebec mining tax credit | (26,637) | - | - | - | (26,637) |
| **Balance, April 30, 2023** | $ 9,604,881 | $ 1,595,387 | $ 252,177 | $ 2,519 | $ 11,454,964 |

## 6. SHARE CAPITAL AND RESERVES

a) Share Capital

Authorized

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issued

The period ended April 30, 2023

On February 22, 2023 and April 18, 2023, 1,684,524 common shares were issued at fair value of $126,339 for vested RSU's. $126,339 was reclassified from reserves to share capital on the issuance of RSU shares.

On December 9, 2022, the Company completed a private placement, by issuing 40,520,497 common share units of the Company at $0.03 per unit for total gross proceeds of $1,215,615. Each unit consists of one common share and one common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.05 per share for a period of 60 months. The warrants had a fair value of $1,025,122 calculated using the Black Scholes Option Pricing Model, of which $556,136 was allocated to reserves on a relative fair value basis. Finders' fees and brokers commission of $36,211, legal fees of $18,050, and filing fees of $14,379 were paid. In addition, 50,000 share purchase warrants exercisable for 60 months at an exercise price of $0.05, with a fair value of $1,265 calculated using the Black Scholes Option Pricing Model was recorded to share issue costs, were issued to brokers.

Three officers participated in the placement by purchasing 4,499,999 units in the amount of $135,000

**6. SHARE CAPITAL AND RESERVES – continued**

On December 19, 2022, the Company completed a private placement, by issuing 18,625,000 of flow-through units of the Company at $0.04 per unit for total gross proceeds of $745,000. Each unit consists of one flow-through common share and one common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.06 per share for a period of 24 months. The warrants had a fair value of $245,120 calculated using the Black Scholes Option Pricing Model, of which $184,436 was allocated to reserves on a relative fair value basis. The Company recognized a flow-through premium liability of $186,250 in connection with the flow-through private placement based on an estimated premium of approximately $0.01 per flow-through common share issued (Note 8). Finders' fees and brokers commission of $7,500, and legal fees of $8,940. In addition, 187,500 share purchase warrants exercisable for 24 months at an exercise price of $0.06, with a fair value of $2,468 calculated using the Black Scholes Option Pricing Model was recorded to share issue costs, were issued to brokers.

A director participated in the flow through placement by purchasing 1,875,000 units in the amount of $75,000.

Year ended July 31, 2022

On December 22, 2021, the Company completed a private placement, by issuing 18,440,870 flow-through units of the Company at $0.115 per unit for total gross proceeds of $2,120,700. Each unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.18 per share for a period of 24 months. The warrants had a fair value of $461,267 calculated using the Black Scholes Option Pricing Model, of which $378,862 was allocated to reserves on a relative fair value basis. The Company recognized a flow-through premium liability of $461,022 in connection with the flow-through private placement based on an estimated premium of approximately $0.025 per flow-through common share issued (Note 9). Finders' fees of $99,775, legal fees of $6,475, and filing fees of $14,789 were paid. In addition, 867,695 share purchase warrants exercisable for 24 months at an exercise price of $0.18, with a fair value of $43,408 calculated using the Black Scholes Option Pricing Model was recorded to share issue costs, were issued to brokers.

A director participated in the flow-through placement by purchasing 434,783 units in the amount of $50,000.

On January 19, 2022, the Company completed a private placement by issuing 18,950,000 units of the Company at $0.08 per unit for gross proceeds of $1,516,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of $0.11 for a period of 60 months. The warrants had a fair value of $1,352,899 calculated using the Black Scholes Option Pricing Model, of which $714,907 was allocated to reserves on a relative fair value basis. Finders' fees and commissions of $33,100, legal fees of $20,381 and filing fees of $10,918 were paid. In addition, 413,750 share purchase warrants exercisable for 24 months at an exercise price of $0.11, with a fair value of $22,316 measured using the Black Scholes Option Pricing Model was recorded to share issue cost, were issued to brokers.

Two officers and one director participated in the placement by purchasing 1,375,000 units in the amount of $110,000.

On July 25, 2022, the Company completed a private placement, by issuing of 9,765,400 flow-through units of the Company at $0.065 per unit for total gross proceeds of $634,751. Each unit consists of one flow-through common share and one half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.10 per share for a period of 24 months. The warrants had a fair value of $96,909 measured using the Black Scholes Option Pricing Model, of which $84,073 was allocated to reserves on a relative fair value basis. The Company recognized a flow-through premium

(Unaudited - Expressed in Canadian Dollars)

**6. SHARE CAPITAL AND RESERVES – continue**

liability of $195,308 in connection with the flow-through private placement based on an estimated premium of approximately $0.02 per flow-through common share issued (Note 9). Finders' fees and brokers commission of $31,737 legal fees of $4,470 and filing fees of $5,177 were paid. In addition, 580,182 share purchase warrants exercisable for 24 months at an exercise price of $0.10, with a fair value of $11,515 measured using the Black Scholes Option Pricing Model was recorded to share issue cost, were issued to brokers.

During the year ended July 31, 2022, a total of 1,400,000 stock options from various option offerings, were exercised at a price of $0.05 per share for gross proceeds of $70,000 and 1,400,000 common shares of the Company were issued. In addition, the Company transferred a total of $68,438 from equity reserve to share capital for the exercise of these options, which represents the estimated fair value of the options at the grant date.

920,000 share purchase warrants issued under the December 30, 2019, private placement were exercised at a price of $0.07 per share for gross proceeds of $64,400 and 920,000 common shares of the Company were issued. In addition, the Company transferred a total of $12,966 from equity reserve to share capital for the exercise of these warrants, which represent the estimated fair value of the warrants at the grant date.

**b) Share purchase warrants**

A continuity of the Company's share purchase warrant transactions for the period ended April 30, 2023, and July 31, 2022 is as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| Balance, July 31, 2021 | 62,775,959 | $0.18 |
| Issued for financing | 34,914,762 | 0.14 |
| Exercised | (920,000) | 0.07 |
| Balance, July 31, 2022 | 96,770,721 | $0.17 |
| Expired | (61,595,664) | 0.18 |
| Issued for financing | 59,382,997 | 0.05 |
| **Balance, April 30, 2023** | **94,558,054** | **$0.10** |

(Unaudited - Expressed in Canadian Dollars)

**6. SHARE CAPITAL AND RESERVES – continued**

The following table summarizes information relating to share purchase warrants outstanding and exercisable at April 30, 2023.

| Number of Warrants | Exercise Price | Expiry Date |
|---|---|---|
| 76,471 | $0.17 | May 20,2023 |
| 183,824 | $0.17 | June 2, 2023 |
| 10,088,130 | $0.18 | December 22, 2023 |
| 413,750 | $0.11 | January 19, 2024 |
| 5,462,882 | $0.10 | July 25, 2024 |
| 18,812,500 | $0.06 | December 19, 2024 |
| 18,950,000 | $0.11 | January 19, 2027 |
| 40,570,497 | $0.05 | December 9, 2027 |
| **94,558,054** | | |

The weighted average remaining contractual life of the warrants as at April 30, 2023 was 3.20 years (July 31, 2022 – 1.43 years).

Subsequent to the period ended April 30, 2023, warrants expiring on May 20, 2023 and June 3, 2023 expired unexercised.

The following weighted average assumptions were used for the Black-Scholes Option Pricing Model for warrants granted:

| | **April 30, 2023** | July 31, 2022 |
|---|---|---|
| Risk free interest rate | 3.15% | 1.69% |
| Expected life of warrants | 4.05 years | 3.63 years |
| Annualized stock price volatility | 127.94% | 130.53% |
| Expected dividend yield | 0% | 0% |

**(c) Share-based payments**

On December 6, 2021, the Company adopted an Omnibus Equity Incentive Plan ("Omnibus Plan") to amend and restate the Company's stock option plan ("Predecessor Plan"). Under the terms of the plan the Company may grant share-based compensation to Employees, Consultants, Persons performing Investor Relations Activities and Directors. This plan was re-approved at the Company's Annual and Special Meeting on December 6, 2022.

The maximum aggregate number of Shares issuable under this plan in respect of Options shall not exceed ten (10%) percent of the Company's issued and outstanding Shares at any point in time. The number of common shares reserved for issuance to consultant or persons performing Investor Relations activities will not exceed two (2%) of the issued and common shares in any twelve-month period. All outstanding stock options granted under the predecessor plan shall continue to be outstanding as stock options granted under and subject to the terms of this Omnibus Plan.

(Unaudited - Expressed in Canadian Dollars)

**6. SHARE CAPITAL AND RESERVES – continued**

The maximum aggregate number of Shares issuable under this plan in respect of Deferred Share Units (DSU's), Restricted Share Units (RSUs) and Performance Share Units (PSUs) shall not exceed 28,742,781 at any point in time, representing 10% of the issued and outstanding shares of the Company as at the date of adoption of the Omnibus Plan. The total number of DSU's RSUs, and PSUs issuable to any participant under this plan shall not exceed (1%) of the issued and outstanding shares at the time of the award.

The outstanding share purchase options as of April 30, 2023 are summarized as follows:

| Date of Grant | Expiry Date | Exercise Price | Number of Options Outstanding | Number of Options Exercisable |
|---|---|---|---|---|
| August 26, 2019 | August 26, 2024 | $ 0.05 | 400,000 | 400,000 |
| December 18, 2020 | December 18, 2025 | $ 0.05 | 2,550,000 | 2,550,000 |
| August 4, 2019 | August 4, 2026 | $ 0.12 | 3,900,000 | 3,900,000 |
| October 25, 2021 | October 25, 2026 | $ 0.12 | 3,850,000 | 3,850,000 |
| February 7, 2022 | February 7, 2027 | $ 0.07 | 2,000,001 | 666,667 |
| February 21, 2022 | February 22, 2027 | $ 0.07 | 350,000 | 116,667 |
| April 5, 2022 | April 5, 2027 | $ 0.085 | 350,000 | 116,667 |
| February 22, 2023 | February 22, 2028 | $ 0.05 | 10,940,000 | - |
| | | | 24,340,001 | 11,600,001 |

The weighted average share price of the Company on exercise of options was $0.07.

The following table reflects the share purchase options that could be exercisable for an equal number of common shares:

| | **April 30, 2023** | | July 31, 2022 | |
|---|---|---|---|---|
| | **Number of options** | **Weighted Average Exercise Price** | Number of options | Weighted Average Exercise Price |
| Balance, beginning of period | 13,400,001 | $ 0.09 | 7,800,000 | $ 0.05 |
| Granted | 10,940,000 | $ 0.05 | 11,550,001 | $ 0.11 |
| Exercised | - | - | (1,400,000) | $ 0.05 |
| Expired | - | - | (2,450,000) | $ 0.05 |
| Cancelled | - | - | (2,100,000) | $ 0.09 |
| Balance, end of period | 24,340,001 | $ 0.12 | 13,400,001 | $ 0.09 |
| Exercisable | 12,500,000 | $ 0.11 | 11,600,001 | $ 0.10 |

On February 22, 2023, the Company granted 10,940,00 stock options, with an exercise price of $0.05, to management and consultants of the Company. The stock options vest 1/3 on the first anniversary date of the grant, 1/3 on the second anniversary and 1/3 on the third anniversary date of the grant. The options expire on February 22, 2028.

(Unaudited - Expressed in Canadian Dollars)

**6. SHARE CAPITAL AND RESERVES – continued**

On August 4, 2021, 5,000,000 stock options, with an exercise price of $0.12, were granted to management and consultants of the Company. The stock options vest immediately and expire on August 4, 2026.

On October 25, 2021, granted 3,850,000 stock options, with an exercise price of $0.12, to management, consultants, and directors of the Company. The stock options vest immediately and expire October 25, 2026.

On February 4, 2022, the Company granted 2,000,001 stock options, with an exercise price of $0.07, to management and consultants of the Company. The stock options vest 1/3 on grant date, 1/3 on the first anniversary date of the grant, and 1/3 on the second anniversary date of the grant. The options expire on February 4, 2027.

On February 21, 2022, the Company granted 350,000 stock options, with an exercise price of $0.07, to a consultant of the Company. The stock options vest 1/3 on grant date, 1/3 on the first anniversary date of the grant, and 1/3 on the second anniversary date of the grant. The options expire on February 21, 2027.

On April 5, 2022, the Company granted 350,000 stock options, with an exercise price of $0.085, to a consultant of the Company. The stock options vest 1/3 on grant date, 1/3 on the first anniversary date of the grant, and 1/3 on the second anniversary date of the grant. The options expire April 5, 2027.

During the period ended April 30, 2023, the Company recorded $444,123 (July 31, 2022 - $1,038,745) in share-based compensation based on the vesting provisions of the granted options.

The following weighted-average assumptions were used for the Black-Scholes Option Pricing Model of stock options granted:

| | **April 30, 2023** | July 31, 2022 |
|---|---|---|
| Risk free interest rate | 3.40% | 1.20% |
| Expected life of options | 5 years | 5 years |
| Annualized stock price volatility | 134.42% | 133.37% |
| Expected dividend yield | 0% | 0% |

The weighted average remaining contractual life of options outstanding at April 30, 2023 was 3.78 years (July 31, 2022 - 4 years).

**d) Long-term incentive Plan**

*i. RSU’s*

On February 7, 2022, the Company granted 4,666,667 RSU’s to certain directors and executive employees. Under the RSU plan, the directors will receive the Company’s common shares at no cost at the end of the vesting period, which is one year. The RSU’s issued to executive employees vest based on achieving annual performance milestones. The RSU value is determined based on the fair value of the Company’s common shares at the grant date and amortized over the vesting period. The Company recognizes the share-based compensation expense over the vesting terms and recognized $183,151 for the nine month period ended April 30, 2023, and $166,849 for the year ended July 31, 2022.

At April 30, 2023, 357,413 RSU’s were converted to common shares and issued.

Subsequent to the period ended April 30, 2023 357,143 RSU’s were converted to shares and issued.

**6. SHARE CAPITAL AND RESERVES – continued**

On February 22, 2023, the Company granted 3,000,000 RSU's to certain directors. Under the RSU plan, the directors will receive the Company's common shares at no cost at the end of the vesting period, which is one year. The RSU's issued to directors' vest based on achieving annual performance milestones. At April 30, 2023, no RSU's had vested. The RSU value is determined based on the fair value of the Company's common shares at the grant date and amortized over the vesting period. The Company recognizes the share-based compensation expense over the vesting terms and recognized $13,767 for the nine month period ended April 30, 2023 and $0 for the year ended July 31, 2022.

*i. PSU's*

On February 7, 2022 the Company granted 800,000 PSU's to employees. Under the PSU plan executive employees will receive the Company's common shares at no cost at the end of the vesting period which is based on achieving annual performance milestones during the specified vesting period. At April 30, 2023 no PSU's had vested. The PSU value is determined based on the fair value of the Company's common shares at the grant date and amortized over the vesting period. The Company recognizes the share based compensation expense over the vesting terms and recognized $15,123 for the nine month period ended April 30, 2023 and $28,603 for the year ended July 31, 2022.

On November 17th, 2022 the board cancelled 800,000 PSU shares, granted on February 7, 2022

*ii. DSU's*

On February 7, 2022, the Company granted 3,428,574 DSU's to non-executive directors as part of their compensation. Under the DSU plan those directors granted DSU's will receive common shares at no cost following their departure from the board. The DSU value is determined on the fair value of the Company's common shares at the grant date and is amortized over a period of one year. The Company recognizes the share based compensation expense over the vesting terms and recognized $134,560 for the nine month period ended April 30, 2023 and $122,583 for the year ended July 31, 2022.

On February 22, 2023, the Company granted 4,000,000 DSU's to certain directors. Under the DSU plan, the directors will receive the Company's common shares at no cost at the end of the vesting period, which is one year. The DSU's issued to directors' vest based on achieving annual performance milestones. At April 30, 2023, no DSU's had vested. The DSU value is determined based on the fair value of the Company's common shares at the grant date and amortized over the vesting period. The Company recognizes the share-based compensation expense over the vesting terms and recognized $18,356 for the nine month period ended April 30, 2023, and $0 for the year ended July 31, 2022.

**e) Reserves**

Equity reserve records items recognized as share-based compensation and allocation of the value of stock options and warrants until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

The values recorded to reserves for stock options and warrants are transferred to deficit on expiration or cancellation of such stock options and warrants.

(Unaudited - Expressed in Canadian Dollars)

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | **April 30, 2023** | July 31, 2022 |
|---|---|---|
| Accounts payables | $ 183,640 | $ 734,996 |
| Accrued liabilities | 47,559 | 77,064 |
| | $ 231,199 | $ 812,060 |

## 8. FLOW THROUGH PREMIUM LIABILITY

| | **April 30, 2023** | July 31, 2022 |
|---|---|---|
| Balance, beginning of the period | $ 366,780 | $ 328,075 |
| Added: | | |
| December 22, 2021 private placement (Note 6) | - | 461,021 |
| July 25, 2022, private placement (Note 6) | - | 195,308 |
| December 19, 2022 private placement (Note 6) | 186,250 | - |
| Amortization of flow through premium liability | (430,874) | (617,624) |
| Balance, end of the period | $ 122,156 | $ 366,780 |

As at April 30, 2023 the Company is required to incur further Canadian exploration expenditures of $717,834 no later than December 31, 2023, pursuant to the terms of the subscription agreements.

The flow-through premium liability is to be amortized to the statement of loss and comprehensive loss pro-rata with the amount of qualifying flow-through expenditures incurred.

## 8. FLOW THROUGH PREMIUM LIABILITY - continued

**Flow through expenditures**

The Company is able to continue to incur exploration expenses beyond the deadlines. However, it could be subject to an interest penalty of 4-5% per annum on the balance required to be spent on its exploration work relating to Part XII.6 tax. The Company intends to fulfill its flow-through commitments within the given time constraints. During the period the Company recorded an expense of $16,164 in Parts XII.6 and Quebec RL 11 interest.

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, except

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

as noted under equity risk. Its objectives, polices and processes for managing those risks or the methods used to measure them from previous year have not changed.

**General Objectives, Policies and Processes:**
The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive regular quarterly reports as well as other reports as necessary from the Company's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

**a) Market Risk**
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign Currency Risk:
Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation. There is also the risk that exchange rates will fluctuate such that foreign competitors will gain an advantage in the Company's markets

Interest Rate Risk:
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. As of the quarter ending on April 30, 2023, the Company held $2,019,666 in cash and equivalent deposits.

Equity Price Risk:
Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

**b) Credit Risk**
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents and due from associate. The majority of cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The carrying amount of financial assets represents the maximum credit exposure. The Company had gross credit exposure at April 30, 2023 relating to cash of $2,019,158 and other receivables of $67,129. All cash, cash equivalents and short-term deposits are held at the Royal Bank of Canada.

**c) Liquidity Risk**
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that it has sufficient cash on demand to meet short-term business requirements. The Company considers liquidity risk to be high.

The Company's cash is invested in business accounts and is available on demand.

(Unaudited - Expressed in Canadian Dollars)

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

d) Funding Risk
Funding risk is the risk that the Company may not be able to raise equity financing in a timely manner and on terms acceptable to management. There are no assurances that equity financing will be available when, and if, the Company requires additional financing.

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities as at April 30, 2023 and July 31, 2022.

| | Less than 3 months | 3 – 12 months | Total |
|---|---|---|---|
| **April 30, 2023** | | | |
| Trade payables | $ 101,664 | $ - | $ 101,664 |
| July 31, 2022 | | | |
| Trade payables | $ 734,996 | $ - | $ 734,996 |

**c) Fair value of financial instruments**

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate fair value:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **April 30, 2023** | | | | |
| Cash and Cash equivalents | $ 2,019,158 | $ - | $ - | $ 2,019,158 |
| July 31, 2022 | | | | |
| Cash and Cash equivalents | $ 3,768,063 | $ - | $ - | $ 3,768,063 |

Level 1 - quoted prices (unadjusted) in active markets

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs that are not based on observable market data (unobservable inputs)

The carrying value of the Company's financial instruments approximates fair value.

## 10. CAPITAL RISK MANAGEMENT

It is the Company's objective when managing capital to safeguard its ability to continue as a going concern in order that it may continue to explore and develop its mineral properties and investment in power supply products companies and continue its operations for the benefit of its shareholders.

The Company intends to expend existing working capital by carrying out its planned acquisition, exploration and development activities on mineral properties and continuing to pay administrative costs.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. The Company may issue new shares. In order to facilitate analysis and management of its capital requirements, the Company prepares and updates budgets (as needed) to ensure that its acquisition and exploration operations can continue to progress. Budgets, once finalized, are approved by the Board of Directors.

(Unaudited - Expressed in Canadian Dollars)

There have not been any changes to the Company's capital management objective, policies and processes compared to the prior year. The Company is not subject to any externally imposed capital requirements.

## 11. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all executive employees, directors and officers of the Company to be key management personnel. The following are related party transactions not disclosed elsewhere in the financial statements.

| | **April 30, 2023** | April 30, 2022 |
|---|---|---|
| Management Fees paid to directors or companies related to directors and key management | $ 135,000 | $ 245,368 |
| Compensation to key management personnel | 545,622 | 442,746 |
| Share-based compensation | 393,871 | 672,723 |
| | $ 1,074,492 | $ 1,360,837 |

Management fees were paid to M & M Corporation, a company controlled by Jacqueline Michaels, the Company's Controller and AJS Management Corporation, a company controlled by Paul Gill, the Company's Executive Chair.

Included in accounts payable is $8,944 (July 31, 2022 - $11,993) owing to executive employees, directors or companies controlled by directors or key management.

## 12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

| | **April 30, 2023** | April 30, 2022 |
|---|---|---|
| Transfer from reserves on vesting of RSU | $ 126,339 | $ - |
| Transfer from reserves on exercise of stock options | $ | $ 5,851 |
| Flow through premium liability | $ 186,250 | $ 461,022 |
| Exploration and evaluation assets in accounts payable | $ 69,225 | $ 20,798 |

## 13. EVENTS AFTER REPORTING PERIOD

On June 1, 2023 the Company completed a purchase agreement with SOQUEM Inc. and a private company to acquire 100% of 17 mineral claims, covering 678 hectares, located 40 KM west of Mont Tremblant, forming the Carmin project. The terms of the acquisition are as follows:

- $50,000 payable in cash, by SOQUEM Inc., (paid June 1, 2023)
- Issue of 1,250,000 common shares to SOQUEM Inc. (issued May 31,2023)
- Issue of 1,250,000 common shares to private investor (issued May 31, 2023)
- Granting of a royalty of 0.75% NSR to the private owner
- Granting of a royalty of 0.75% NSR to the SOQUEM Inc.