CANADA CARBON INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(EXPRESSED IN CANADIAN DOLLARS)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Canada Carbon Inc.

Opinion

We have audited the financial statements of Canada Carbon Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023 and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in equity for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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 financial statements in Canada. 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 financial statements, which indicates that as at December 31, 2024, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that 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 judgement, were of most significance in our audit of the financial statements of the current period. 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, we have determined that there were no additional key audit matters to communicate in our report.

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3

mcgovernhurley.com

t. 416-496-1234

McGovern Hurley

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 risks 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor’s report is Regina Kwong.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 25, 2025

CANADA CARBON INC.
STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

As at	**December 31, 2024**	December 31, 2023 restated (note 4)	January 1, 2023 restated (note 4)
ASSETS			
Current			
Cash and cash equivalents	**$ 188,505**	$ 408,962	$ 816,604
Receivables (Note 7)	**105,802**	96,217	86,014
Prepaid expenses (Note 8)	**71,036**	11,427	12,525
Total current assets	**365,343**	516,606	915,143
Security deposit	**28,750**	28,750	28,750
Drilling and reclamation deposits (Note 10)	**5,000**	5,000	5,000
Total assets	**$ 399,093**	$ 550,356	$ 948,893
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current			
Accounts payable and accrued liabilities (Note 12)	**$ 1,349,085**	$ 1,467,779	$ 1,075,062
Flow-through premium liability (Note 13)	**232,400**	145,924	181,176
Restoration, rehabilitation and environmental obligations (Note 11)	**10,000**	10,000	10,000
Total current liabilities	**1,591,485**	1,623,703	1,266,238
Restoration, rehabilitation and environmental obligations (Note 11)	**30,000**	30,000	30,000
Total liabilities	**1,621,485**	1,653,703	1,296,238
Shareholders' deficit			
Capital stock (Note 13)	**37,278,391**	36,389,716	35,621,883
Reserves (Note 13)	**1,370,974**	1,246,081	888,614
Deficit	**(39,871,757)**	(38,739,144)	(36,857,842)
Total shareholders’ deficit	**(1,222,392)**	(1,103,347)	(347,345)
Total liabilities and shareholders’ deficit	**$ 399,093**	$ 550,356	$ 948,893

Nature and continuance of operations (Note 1)
Commitments and contingencies (Notes 9, 10 and 17)
Subsequent event (Note 18)

On behalf of the Board:

“Bruce Coventry”, Director

“Greg Lipton”, Director

See accompanying notes to the financial statements

CANADA CARBON INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

Year Ended December 31,	**2024**	2023 restated (note 4)
EXPENSES		
Exploration expenditures (Note 9)	**$ 237,409**	$ 1,044,228
Management fees (Note 12)	**480,711**	465,358
Consulting fees	**137,172**	13,582
Professional fees (Note 12)	**388,189**	291,145
Office, rent and miscellaneous	**30,056**	52,788
Shareholder communications and promotion	**30,543**	177,149
Share-based compensation (Notes 12 and 13)	**-**	150,915
Transfer agent and filing fees	**23,485**	24,365
Travel and accommodation	**65,432**	88,653
Loss before other items	**1,392,997**	2,308,183
OTHER ITEMS		
Foreign exchange loss	**16,076**	9,289
Flow-through premium liability recovery (Note 17)	**(145,924)**	(229,475)
Net loss and comprehensive loss for the year	**$ 1,263,149**	$ 2,087,997
Basic and diluted net loss per share	**$ 0.01**	$ 0.01
Weighted average number of shares outstanding basic and diluted	**203,875,063**	166,746,789

See accompanying notes to the financial statements

CANADA CARBON INC.
STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

Year Ended December 31,	**2024**	2023 restated (note 4)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	**$ (1,263,149)**	$ (2,087,997)
Items not affecting cash:		
Share-based compensation (Note 13)	**-**	150,915
Flow-through premium liability recovery (Note 17)	**(145,924)**	(229,475)
Shares issued pursuant to surface access agreement	**-**	2,200
Unrealized foreign exchange loss	**16,076**	9,289
	(1,392,997)	(2,155,068)
Change in non-cash working capital items:		
Increase in receivables	**(9,585)**	(10,203)
(Increase) decrease in prepaid expenses	**(59,609)**	1,098
Increase in accounts payable and accrued liabilities	**55,402**	583,428
Net cash flows used in operating activities	**(1,406,789)**	(1,580,745)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements (Note 13)	**1,295,675**	1,314,980
Share issue costs	**(109,343)**	(141,877)
Net cash flows provided by financing activities	**1,186,332**	1,173,103
Decrease in cash	**(220,457)**	(407,642)
Cash, beginning of the year	**408,962**	816,604
Cash, end of the year	**$ 188,505**	$ 408,962

Supplemental disclosure with respect to cash flows (Note 14)

See accompanying notes to the financial statements

CANADA CARBON INC.
STATEMENTS OF CHANGES IN DEFICIT
(EXPRESSED IN CANADIAN DOLLARS)

			Reserves			
	Number of Shares	**Capital Stock**	**Equity settled share-based payments reserve**	**Warrant reserve**	**Deficit** restated (note 4)	**Total**
Balance December 31, 2022	**154,497,368**	**$ 35,621,883**	**$ 277,576**	**$ 611,038**	**$ (36,857,842)**	**$ (347,345)**
Units Issued pursuant to private placement	32,133,000	937,678	-	377,302	-	1,314,980
Flow-through premium liability	-	(194,223)	-	-	-	(194,223)
Issued pursuant to debt settlement	3,333,333	200,000	-	-	-	200,000
Issued pursuant to surface access agreement	40,000	2,200	-	-	-	2,200
Value of expired options	-	-	(35,585)	-	35,585	-
Value of expired warrants	-	-	-	(171,110)	171,110	-
Share-based compensation	-	-	150,915	-	-	150,915
Issue costs	-	(177,822)	-	35,945	-	(141,877)
Net loss and comprehensive loss for the year	-	-	-	-	(2,087,997)	(2,087,997)
Balance December 31, 2023	**190,003,701**	**$ 36,389,716**	**$ 392,906**	**$ 853,175**	**$ (38,739,144)**	**$ (1,103,347)**
Units Issued pursuant to private placement	45,633,486	1,074,649	-	221,026	-	1,295,675
Flow-through premium liability	-	(232,400)	-	-	-	(232,400)
Issued pursuant to debt settlements	6,644,325	190,172	-	-	-	190,172
Value of expired options	-	-	(38,359)	-	38,359	-
Value of expired warrants	-	-	-	(92,177)	92,177	-
Issue costs	-	(143,746)	-	34,403	-	(109,343)
Net loss and comprehensive loss for the year	-	-	-	-	(1,263,149)	(1,263,149)
Balance, December 31, 2024	**242,281,512**	**$ 37,278,391**	**$ 354,547**	**$ 1,016,427**	**$ (39,871,757)**	**$ (1,222,392)**

See accompanying notes to the financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Canada Carbon Inc. (hereafter the "Company") was incorporated in British Columbia on August 13, 1985 and is listed on the TSX Venture Exchange ("TSX-V").

The Company's principal business is the acquisition, exploration and evaluation of mineral properties. In fiscal 2012 the Company positioned itself as a carbon science company focused on graphite. The Company is in the exploration and evaluation stage on its projects and as such, to date, has not generated significant revenues from its operations.

The Company's head office is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

The financial statements were approved by the Board of Directors on April 25, 2025.

The Company is in the process of exploring its exploration and evaluation assets. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, the achievement of profitable production, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and 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 government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainty. See Note 18.

These financial statements have been prepared with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at December 31, 2024, the Company had a working capital deficiency of $1,226,142 and an accumulated deficit of $39,983,768 compared to a working capital deficiency of $1,107,097 and an accumulated deficit of $38,739,144 as at December 31, 2023. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE

These financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). IFRS includes IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs").

3. BASIS OF PRESENTATION

These financial statements have been prepared on a historical cost basis except for certain financial instruments recorded at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

In the preparation of these financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the year. Actual results could differ from these estimates.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Change in Accounting Policy

These financial statements have been prepared to reflect a change in accounting policy relating to exploration and evaluation assets. The new accounting policy was adopted voluntarily by the Company on December 31, 2024, and has been applied retrospectively.

The previous accounting policy was to capitalize all exploration and evaluation (“E&E”) costs once the legal right to explore a property has been acquired. The following is a description of the new accounting policy.

E&E expenditures include the direct costs of mineral exploration rights, licenses, technical services and studies, environmental studies, exploration drilling and testing, production scale manufacturing tests, directly attributable overhead and administrative expenses including remuneration of operating personnel and supervisory management, and all costs relating to the acquisition of mineral properties.

E&E expenditures are expensed as incurred until such a date that resource property is determined to be economically recoverable, the assessment of which would require the completion of a feasibility study that demonstrates a positive commercial outcome, and for the Company to decide to move forward with development of the property into a commercial operation such that it is probable that the future economic benefits will flow to the Company. At such a time, E&E expenditures will be capitalized.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration costs.

The Company determined that the change in policy will result in the financial statements providing more relevant and reliable information because it leads to a more transparent treatment of E&E expenditures for the year considering that the Company is at the exploration stage and only has two projects for which the probability of receiving future economic benefits is low.

The accumulated effect of the change of $9,011,681 has been reflected in the ending deficit of the consolidated financial statements as at December 31, 2023. The impact of the change in the accounting policy on the statements of financial position, statements of loss and comprehensive loss, statements of changes in deficit and statements of cash flows is set out below:

(EXPRESSED IN CANADIAN DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (continued)

Statement of Financial Position

	As at December 31, 2023 (as previously stated)	Impact of accounting policy change	As at December 31, 2023 (restated)
Assets			
Current			
Cash and cash equivalents	$ 408,962	$ -	$ 408,962
Receivables (Note 7)	96,217	-	96,217
Prepaid expenses (Note 8)	11,427	-	11,427
Total current assets	516,606	-	516,606
		-	
Security deposit	28,750	-	28,750
Exploration and evaluation assets	9,011,681	(9,011,681)	-
Drilling and reclamation deposits (Note 10)	5,000	-	5,000
Total assets	$ 9,562,037	$ (9,011,681)	$ 550,356
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current			
Accounts payable and accrued liabilities (Note 12)	$ 1,467,779	$ -	$ 1,467,779
Flow-through premium liability (Note 13)	145,924	-	145,924
Restoration, rehabilitation and environmental obligations (Note 11)	10,000	-	10,000
Total current liabilities	1,623,703	-	1,623,703
Restoration, rehabilitation and environmental obligations (Note 11)	30,000	-	30,000
Total liabilities	1,653,703	-	1,653,703
Shareholders' deficit			
Capital stock (Note 13)	36,389,716	-	36,389,716
Reserves (Note 13)	1,246,081	-	1,246,081
Deficit	(29,727,463)	(9,011,681)	(38,739,144)
Total shareholders’ deficit	7,908,334	(9,011,681)	(1,103,347)
Total liabilities and shareholders’ deficit	$ 9,562,037	$ (9,011,681)	$ 550,356

(EXPRESSED IN CANADIAN DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (continued)

Statement of Financial Position

	As at January 1, 2023 (as previously stated)	Impact of accounting policy change	As at January 1, 2023 (restated)
Assets			
Current			
Cash and cash equivalents	$ 816,604	$ -	$ 816,604
Receivables (Note 7)	86,014	-	86,014
Prepaid expenses (Note 8)	12,525	-	12,525
Total current assets	915,143	-	915,143
Security deposit	28,750	-	28,750
Exploration and evaluation assets	7,967,453	(7,967,453)	-
Drilling and reclamation deposits (Note 10)	5,000	-	5,000
Total assets	$ 8,916,346	$ (7,967,453)	$ 948,893
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current			
Accounts payable and accrued liabilities (Note 12)	$ 1,075,062	$ -	$ 1,075,062
Flow-through premium liability (Note 13)	181,176	-	181,176
Restoration, rehabilitation and environmental obligations (Note 11)	10,000	-	10,000
Total current liabilities	1,266,238	-	1,266,238
Restoration, rehabilitation and environmental obligations (Note 11)	30,000	-	30,000
Total liabilities	1,296,238	-	1,296,238
Shareholders' deficit			
Capital stock (Note 13)	35,621,883	-	35,621,883
Reserves (Note 13)	888,614	-	888,614
Deficit	(28,890,389)	(7,967,453)	(36,857,842)
Total shareholders' deficit	7,620,108	(7,967,453)	(347,345)
Total liabilities and shareholders' deficit	$ 8,916,346	$ (7,967,453)	$ 948,893

(EXPRESSED IN CANADIAN DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (continued)

Statement of Loss and Comprehensive Loss

	As at December 31, 2023 (as previously stated)	Impact of accounting policy change	As at December 31, 2023 (restated)
Expenses			
Exploration expenditures (Note 9)	$ -	$ 1,044,228	$ 1,044,228
Management fees (Note 12)	465,358	-	465,358
Consulting fees	13,582	-	13,582
Professional fees (Note 12)	291,145	-	291,145
Office, rent and miscellaneous	52,788	-	52,788
Shareholder communications and promotion	177,149	-	177,149
Share-based compensation (Notes 12 and 13)	150,915	-	150,915
Transfer agent and filing fees	24,365	-	24,365
Travel and accommodation	88,653	-	88,653
Loss before other items	1,263,955	-	2,308,183
OTHER ITEMS			
Foreign exchange loss	9,289	-	9,289
Flow-through premium liability recovery (Note 17)	(229,475)	-	(229,475)
Net loss and comprehensive loss	$ 1,043,769	$ 1,044,228	$ 2,087,997
Basic and diluted loss per share	$ 0.01	$ 0.01	$ 0.01

(EXPRESSED IN CANADIAN DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (continued)

Statement of Cash Flows

	As at December 31, 2023 (as previously stated)	Impact of accounting policy change	As at December 31, 2023 (restated)
Cash flows from operating activities			
Loss for the year	$ (1,043,769)	$ (1,044,228)	$ (2,087,997)
Share-based compensation	150,915	-	150,915
Flow-through premium liability recovery	(229,475)	-	(229,475)
Share issued pursuant to surface access agreement	-	2,200	2,200
Unrealized foreign exchange loss	9,289	-	9,289
	(1,113,040)	(1,042,028)	(2,155,068)
Change in non-cash working capital items			
Increase in receivables	(10,203)	-	(10,203)
Decrease in prepaid expenses	1,098	-	1,098
Increase in accounts payable and accrued liabilities	583,428	-	583,428
Cash used in operating activities	$ (538,717)	$ (1,042,028)	$ (1,580,745)
Cash flows from financing activities			
Proceeds from private placement	$ 1,314,980	-	$ 1,314,980
Share issuance costs	(141,877)	-	(141,877)
Cash flow from financing activities	$ 1,173,103	-	$ 1,173,103
Cash flows from investing activities			
Exploration and evaluation assets	$ (1,043,001)	$ 1,043,001	$ -
Quebec tax credits received	973	(973)	-
Cash flow used in investing activities	$ (1,042,028)	$ 1,042,028	$ -
Decrease in cash	$ (407,642)	$ -	$ (407,642)
Cash, beginning of the year	816,604	-	816,604
Cash, end of the year	$ 408,962	$ -	$ 408,962

4. MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash includes balances with major financial institutions in business accounts and cashable guaranteed investment certificates.

Financial assets

Financial assets are classified as either financial assets at Fair Value Through Profit or Loss ("FVTPL"), amortized cost, or Fair Value Through Other Comprehensive Income ("FVTOCI"). The Company determines the classification of its financial assets at initial recognition.

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest." Cash and cash equivalents, security deposit, receivables and drilling and reclamation deposit are classified as financial assets and measured at amortized cost.

Financial assets measured at FVTOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVTOCI or FVTPL.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore measured at amortized cost.

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

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

4. MATERIAL ACCOUNTING POLICIES (continued)

Expected credit loss impairment model

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due. The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the recoverable amount is less than the carrying amount of the asset, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized in the statement of loss.

Foreign currency translation

The Canadian dollar is the functional and reporting currency of the Company. All monetary assets and liabilities are translated at the rate of exchange at the reporting date and non-monetary assets and liabilities are translated at historical exchange rates, unless such items are carried at market, in which case they are translated at the exchange rates in effect on the reporting date. Income and expenses are translated at the rates approximating those at the transaction dates. Gains and losses arising from translation of foreign currency monetary assets and liabilities are recognized in the statement of loss.

Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. Development costs include costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an exploration and evaluation property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using the unit-of-production method. Changes to the risk free rate and the amount or timing of the underlying cash flows needed to settle the obligation impact the carrying value of the asset and liability. The related liability is adjusted each period for the unwinding of the discount rate. Discounting has not been performed on the obligations as at December 31, 2024 and 2023 as the effect of the time value of money was not material.

4. MATERIAL ACCOUNTING POLICIES (continued)

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. A provision for onerous contacts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Share-based payment transactions

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The fair value of stock options granted to employees is recognized as an expense over the vesting period with a corresponding increase in the equity settled share-based payments reserve account. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Unexercised expired stock options and warrants are transferred to deficit.

Common stock

The Company’s common shares and warrants denominated in the functional currency of the Company are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through shares

The Company has financed a portion of its exploration activities through the issue of flow-through shares, which offer a tax incentive to Canadian investors by transferring the tax deductibility of exploration expenditures from the Company to the investors.

4. MATERIAL ACCOUNTING POLICIES (continued)

Flow-through shares (continued)

The Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow through shares. A liability is recognized for the premium paid by the investors and is reversed into the statement of loss when the eligible expenditures are incurred. Upon incurring of the flow through expenditures for Canadian income tax purposes, the liability component is derecognized and a deferred income tax liability is recognized for the taxable temporary difference created at the Company's applicable tax rate which is expected to apply in the year the deferred income tax liability will be settled. Any difference between the amount of the liability component derecognized and deferred income tax liability recognized is recorded in profit and loss.

Resource expenditure deductions for income tax purposes related to exploration and evaluation activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. The Company has indemnified the subscribers of flow-through share offerings against any tax related amounts that became payable by the shareholder as a result of the Company not meeting its commitments.

Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and to the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it is not set up.

Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The diluted loss per share calculation excludes any potential conversion of stock options and share purchase warrants that would decrease the loss per share. During the years ended December 31, 2024 and 2023, all of the outstanding stock options and warrants were anti-dilutive and were excluded from the diluted loss per share calculation.

4. MATERIAL ACCOUNTING POLICIES (continued)

Revenue

Revenue from the sale of royalties is recorded upon transfer of title to the royalty interest and collection of payment is reasonably assured.

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of the assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. The impact of these estimates is pervasive throughout the 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. 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 estimates made by the Company include factors affecting the recoverability of exploration and evaluation assets, valuation of restoration, rehabilitation and environmental obligations, inputs used for share-based payment transactions, inputs used for valuation of warrants and deferred tax assets and liabilities. Actual results could differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting year.

Estimation of decommissioning and restoration costs and the timing of expenditures

The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes and refundable tax credits. Significant judgment is required in determining the Company's provisions for taxes and tax credits. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

4. MATERIAL ACCOUNTING POLICIES (continued)

Use of estimates (continued)

Share-based payments and warrants
Management determines costs for share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards and warrants are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Commitments and contingencies
See Note 17.

New standards and interpretations adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024. The adoption of this amendment does not have a material impact on the financial statements for the year ended December 31, 2024.

New standards and interpretations not yet adopted

Presentation and Disclosure in Financial Statements (IFRS 18)
In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and desegregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted. The Company will adopt these pronouncements as of their effective date and is currently evaluating the impact on the financial statements.

IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments Disclosures"
On May 30, 2024, the IASB issued narrow scope amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures". The amendments include the clarification of the date of initial recognition or derecognition of financial liabilities, including financial liabilities that are settled in cash using an electronic payment system. The amendments also introduce additional disclosure requirements to enhance transparency regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently assessing the impact of the amendments on its financial statements.

5. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of its properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company's capital structure to primarily consist of the components of shareholders' equity.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2024 and 2023. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As at December 31, 2024, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

6. FINANCIAL RISK FACTORS

There have been no significant changes in the risks, objectives, policies and procedures during the years ended December 31, 2024 and 2023. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
The Company's credit risk is primarily attributable to cash and cash equivalents, security deposit and receivables. The receivables primarily relate to sales tax due from the Federal and Provincial Governments. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents and the security deposit, which is comprised of a guaranteed investment certificate used to secure a corporate credit card, are held at a Canadian financial institution from which management believes the risk of loss to be low. Management believes that the credit risk concentration with respect to its receivables is remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Additional funding will be required to get the Miller project through the feasibility stage; however, management believes it will be able to obtain the necessary funding.

Market risk
(a) Interest rate risk
The Company has cash and cash equivalents balances and no interest-bearing debt, therefore, interest rate risk is minimal.

6. FINANCIAL RISK FACTORS (continued)

(b) Foreign currency risk

The majority of the Company's administrative expenditures are transacted in Canadian dollars. The Company funds certain expenses in the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management does not hedge its foreign exchange risk. The Company holds negligible cash balances in US dollars.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company does not expect material movements in the underlying market risk variables over the next twelve month period.

7. RECEIVABLES

The receivables balance is comprised of the following items:

	December 31, 2024	*December 31, 2023*
Sales tax due from federal and provincial governments	**$ 105,802**	$ 96,217
Total	**$ 105,802**	$ 96,217

8. PREPAID EXPENSES

The prepaid expense balance is comprised of the following items:

	December 31, 2024	*December 31, 2023*
Insurance	**$ 42,936**	$ 11,427
Mining property activities	**28,100**	
Total	**$ 71,036**	$ 11,427

9. EXPLORATION AND EVALUATION EXPENDITURES

At December 31, 2024, expenditures incurred on exploration and evaluation were as follows:

	Asbury Graphite Property, Quebec	**Miller Property, Quebec**	**Total, December 31, 2024**
Drilling, geologists, consultants and other labour	**$ 188,864**	**$ 72,117**	**$ 260,981**
Tax credit	**-**	**(27,730)**	**(27,730)**
Admin and other expenses	**-**	**4,158**	**4,158**
	$ 188,864	**$ 48,545**	**$ 237,409**

(EXPRESSED IN CANADIAN DOLLARS)

9. EXPLORATION AND EVALUATION EXPENDITURES (continued)

At December 31, 2023, expenditures incurred on exploration and evaluation were as follows:

	Asbury Graphite Property, Quebec	**Miller Property, Quebec**	**Total, December 31, 2023**
Acquisition costs	$ -	$ 2,200	2,200
Assays	13,763	45,418	59,181
Drilling, geologists, consultants and other labour	287,922	653,666	941,588
Travel, meals and accommodation	40,230	-	40,230
Tax credit	-	(973)	(973)
Admin and other expenses	-	2,002	2,002
	$ 341,915	$ 702,313	$ 1,044,228

At December 31, 2024, the accumulated exploration and evaluation expenditures were as follows:

	Asbury Graphite Property, Quebec	**Miller Property, Quebec**	**Total, December 31, 2024**
Opening balance	$ 1,907,768	$ 7,103,913	$ 9,011,681
Spent during the year	188,864	48,545	237,409
Ending balance	**$ 2,096,632**	**$ 7,152,458**	**$ 9,249,090**

Miller Property, Quebec, Canada

The Company acquired the property in 2013. Certain claims are subject to net production and net smelter royalties between 1.5% and 2%. Certain of these royalties can be reduced to 1% at any time through the Company making payments of $1,000,000.

In September 2013, the Company entered into a surface access rights agreement ("Agreement") with two landholders with respect to the Miller graphite property. The Agreement provided the Company with surface access for an initial of five years and allowed the Company to carry out regular graphite prospecting and exploration programs on the property. The Agreement granted the Company an exclusive and irrevocable option ("Option") to acquire or lease all or part of the property necessary for the extraction of mineral substances. If the Company exercised the Option prior to the expiry of the five-year term, the term of the Agreement would extend through the period of commercial production. Pursuant to the Agreement, the Company would issue 40,000 shares to the landholders for the first year, and for every subsequent year until commercial production, or pay $5,000 cash at the option of the landholder. If the Company began commercial production, the annual payments would cease and the landholders will be entitled to a 2.5% production royalty.

(EXPRESSED IN CANADIAN DOLLARS)

9. EXPLORATION AND EVALUATION AXPENDITURES (continued)

During 2018, the initial Agreement expired and a new amended surface access agreement ("Amendment #1"), with the same terms as the original Agreement, was signed. Pursuant to the terms of the Amendment #1, the Company issued 40,000 shares valued at $5,600 in December 2018, 40,000 common shares valued at $2,000 in September 2019, 40,000 common shares valued at $10,400 in October 2020, 40,000 common shares valued at $4,000 in September 2021, 40,000 common shares valued at $2,200 in May 2022 and 40,000 common shares valued at $2,200 in January 2023.

Amendment #1 expired in 2023 and a new amended surface access agreement ("Amendment #2") was signed in August 2023. The agreement will be in effect until August 2028. Pursuant to Amendment #2, the Company paid $8,000 in cash during the year ended December 31, 2024 and each subsequent year will be required to issue 40,000 common shares or pay $8,000 in cash.

See Note 18.

Asbury Graphite Property, Quebec, Canada
In 2012, the Company acquired claims subject to a net production royalty of 0.75% for a period of 10 years after the start of graphite production.

During 2021, the Company acquired additional claims surrounding its existing claims on the former Asbury Mine.

Rare Earth Claims, British Columbia, Canada
In March 2010, the Company entered into an acquisition agreement to acquire a 100% interest in the Carbonatite Syndicate Rare Earth Claim Group. The Company obtained a $5,000 reclamation bond in relation to the drilling permits for the Rare Earth property. All the mining claims have expired and the capitalized costs were written off in prior years. See Notes 10 and 11.

Other
During the year ended December 31, 2024, the Company received Quebec tax credits in the amount of $27,730 (2023 - $973) which were recorded as an offset against exploration and evaluation expenditures.

10. DRILLING AND RECLAMATION DEPOSITS

The following table details the outstanding drilling and reclamation deposits:

Property	***December 31, 2024***	*December 31, 2023*
Rare Earth (Note 11)	**$ 5,000**	$ 5,000
Total	**$ 5,000**	$ 5,000

11. RESTORATION, REHABILITATION AND ENVIRONMENTAL OBLIGATIONS

In 2020, the Company has recorded an obligation of $10,000 for the Rare Earth property. Company has also recorded an obligation of $30,000 for the Miller graphite property to reclaim disturbance caused by the work programs. The restoration costs are expected to be incurred in 2042.

The following is an analysis of the restoration, rehabilitation and environmental obligations:

Balance, December 31, 2022, 2023 and 2024	$ 40,000

(EXPRESSED IN CANADIAN DOLLARS)

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them. The Company entered into the following transactions with related parties:

			Year Ended December 31,	
	Nature of transactions	Notes	**2024**	2023
Directors	Management	a	**$ 48,000**	$ 48,000
Ellerton Castor	Management	b	**$ 432,711**	$ 421,666
Marrelli Support Services Inc.	Management/CFO	d	**$ 95,048**	$ 24,361
Aird & Berlis	Professional fees	e	**$ 22,423**	$ 109,420

a) During the year ended December 31, 2024, the Company accrued fees for independent directors of $48,000 (2023 – $48,000) included in management fees. As at December 31, 2024, $202,000 (2023 - $154,000) was included in accounts payable and accrued liabilities.

b) During the year ended December 31, 2024, $432,711 for services provided by the CEO are included in professional fees (December 31, 2023 - $421,666). As at December 31, 2024, $119,908 (2023 - $83,575) was included in accounts payable and accrued liabilities.

c) Ms. Olga Nikitovic assumed the role of interim CEO in November 2020 in addition to her CFO role until December 2021. In January 2023 and 2024, the Company settled debt shares with Ms. Nikitovic and issued 3,333,333 and 4,406,575 common shares for $200,000 and $145,417, respectively. As at December 31, 2024, $nil (December 31, 2023 - $145,417) was included in accounts payable and accrued liabilities.

d) During the year ended December 31, 2024, the Company paid CFO professional fees and disbursements of $95,048 to Marrelli Support Services Inc. (2023 - $24,361). As at December 31, 2024, $5,678 (December 31, 2023 - $2,883 was included in accounts payable and accrued liabilities.

e) Tom Fenton, Corporate Secretary for the Company, is a partner of Aird & Berlis, LLP. Legal fees of $22,423 (2023 - $52,939) are included in professional fees and $nil (2023 - $56,481) are included in share issuance costs. As at December 31, 2024, $22,511 (2023 - $24,893) was included in accounts payable and accrued liabilities.

All related party amounts included in accounts payable are unsecured, non-interest bearing and payable on demand (Note 13).

Compensation of key management personnel

		Year ended December 31	
	Notes	**2024**	2023
Directors, management/professional fees	a	**$ 598,181**	$ 603,448
Share-based payments	b	**-**	150,915
		$ 598,181	$ 754,363

a) The Company does not pay any health or post-employment benefits. The salaries represent the fees for the CEO, CFO and directors which are included in the transactions above.
b) Share-based payments include the fair value of options issued for services granted to key management and directors.

13. CAPITAL STOCK, STOCK OPTIONS AND SHARE PURCHASE WARRANTS

Capital Stock

The Company has authorized an unlimited number of common shares without par value. As at December 31, 2024, the Company had 242,281,512 common shares outstanding (December 31, 2023 - 190,003,701).

13. CAPITAL STOCK, STOCK OPTIONS AND SHARE PURCHASE WARRANTS (continued)

Capital Stock (continued)

i) In January 2023, 3,333,333 common shares valued at $200,000 based on the quoted price of shares at the time of issue, were issued to Olga Nikitovic to settle part of the debt amount owing.

ii) In January 2023, the Company issued 40,000 shares valued at $2,200 based on the quoted price of shares at the time of issue, pursuant to the Miller Project surface access agreement.

iii) In April 2023, the Company closed a non-brokered flow-through private placement in which it issued 10,833,000 flow-through units at a price of $0.06 for gross proceeds of $649,980 of which $219,638 was allocated to warrants. Each flow-through unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.10 for a period of 60 months from the date of issuance.

Concurrently, the Company closed an ordinary units non-brokered private placement in which it issued 1,300,000 ordinary units at a price of $0.05 were issued for aggregate gross proceeds of $65,000 of which $37,415 was allocated to warrants. Each Ordinary Units is comprised of one common share and one share purchase warrants. Each ordinary warrant entitles the holder to acquire one common share at a price of $0.10 for a period of 60 months from the date of issuance. The Company paid finder fees in cash of $86,880 and the issuance of 769,647 broker warrant valued at $22,151. Each broker warrant entitles the holder to acquire one common share at a price of $0.10 for a period of 60 months.

iv) In December 2023, the Company closed a non-brokered flow-through private placement in which it issued 16,666,667 flow-through units at a price of $0.03 for gross proceeds of $500,000 of which $85,892 was allocated to warrants. Each flow-through unit is comprised of one common share and one half of a purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.05 for a period of 24 months from the date of issuance. The Company paid finder fees in cash of $54,997 and the issuance of 1,333,333 broker warrant value at $13,794. Each broker warrant entitles the holder to acquire one common share at a price of $0.05 for a period of 24 months.

Concurrently, the Company closed an ordinary units non-brokered private placement in which it issued 3,333,333 Ordinary Units at a price of $0.03 were issued for aggregate gross proceeds of $100,000 of which $34,357 was allocated to warrants. Each ordinary unit is comprised of one common share and one share purchase warrants. Each ordinary warrant entitles the holder to acquire one common share at a price of $0.05 for a period of 24 months from the date of issuance.

v) In January 2024, 4,406,575 common shares valued at $145,417 based on the quoted price of shares at the time of issue, were issued to Olga Nikitovic to settle the debt amount owing.

vi) On April 10, 2024, the Company closed a non-brokered private placement of 2,466,818 units at a price of $0.055 per unit for aggregate gross proceeds of $135,675 of which $57,108 was allocated to warrants. Each unit is comprised of one common share and one share purchase warrants. Each warrant entitles the holder to acquire one common share in the capital of the Company at a price of $0.12 per share for a period of 60 months from the date of issuance. The CEO of the Company subscribed for 181,818 Units.

vii) On May 14, 2024, the Company closed a non-brokered private placement of 7,500,003 flow-through units (“FT Unit”) at a price of $0.06 per FT Unit for aggregate gross proceeds of $450,000 of which $90,799 was allocated to warrants. Each FT Unit is comprised of one flow-through share (“FT Share”) and one-half share purchase warrants (“FT Warrant”). Each FT Warrant entitles the holder to acquire one common share in the capital of the Company at a price of $0.12 per share for a period of 60 months from the date of issuance.

13. CAPITAL STOCK, STOCK OPTIONS AND SHARE PURCHASE WARRANTS (continued)

Capital Stock (continued)

Concurrently, the Company closed non-brokered private placement of 833,333 non-flow-through units ("NFT Unit") at a price of $0.06 per NFT Unit for aggregate gross proceeds of $50,000 of which $10,089 was allocated to warrants. Each NFT Unit is comprised of one common share and one share purchase warrants ("Warrant"). Each Warrant entitles the holder to acquire one common share in the capital of the Company at a price of $0.12 per share for a period of 60 months from the date of issuance. The Company paid finders' fees of: (i) a cash fee of $40,400, listing fees of $5,352 and (ii) 600,000 finders warrants value at $14,528. Each finder's warrant shall entitle the holder to acquire one common share at a price of $0.12 per share for a period of 60 months from the date of issuance.

viii) In October 2024, 2,237,750 common shares valued at $44,755 based on the quoted price of shares at the time of issue, were issued to an arm's length vendor to settle the debt amount owing.

ix) On November 19, 2024, the Company closed a non-brokered private placement of 7,333,333 units at a price of $0.015 per unit for aggregate gross proceeds of $110,000 of which $47,883 was allocated to warrants. Each unit is comprised of one common share and one share purchase warrants. Each warrant entitles the holder to acquire one common share in the capital of the Company at a price of $0.06 per share for a period of 60 months from the date of issuance.

x) On December 16, 2024, the Company closed a non-brokered private placement of 15,500,000 flow-through units ("FT Unit") at a price of $0.02 per FT Unit for aggregate gross proceeds of $300,000 of which $135,512 was allocated to warrants. Each FT Unit is comprised of one flow-through share ("FT Share") and one share purchase warrants ("FT Warrant"). Each FT Warrant entitles the holder to acquire one common share in the capital of the Company at a price of $0.07 per share for a period of 60 months from the date of issuance.

Concurrently, the Company closed non-brokered private placement of 12,500,000 flow-through shares ("FT Share") at a price of $0.02 per FT Share for aggregate gross proceeds of $250,000. The Company paid finders' fees of: (i) a cash fee of $44,000 and (ii) 2,200,000 finders warrants value at $19,875. Each finder's warrant shall entitle the holder to acquire one common share at a price of $0.07 per share for a period of 60 months from the date of issuance.

(EXPRESSED IN CANADIAN DOLLARS)

13. CAPITAL STOCK, STOCK OPTIONS AND SHARE PURCHASE WARRANTS (continued)

Share Purchase Warrants

At December 31, 2024, the following warrants were outstanding.

Expiry Date	Exercise Price $	Number of Warrants	Remaining contractual life (years)
April 28, 2025	0.09	185,400	0.33
December 13, 2025	0.05	9,666,666	0.95
December 20, 2025	0.05	3,333,333	0.97
April 28, 2027	0.08	11,640,000	2.33
May 27, 2027	0.08	200,000	2.41
May 1, 2028	0.10	12,902,647	3.34
April 10, 2029	0.12	2,466,818	4.28
May 14, 2029	0.12	3,750,000	4.37
May 14, 2029	0.12	833,333	4.37
May 14, 2029	0.12	600,000	4.37
October 14, 2029	0.06	7,333,333	4.96
December 16, 2029	0.07	17,200,000	4.96
		70,111,530	3.38

The following assumptions were used for the Black-Scholes option pricing model valuation of warrants and broker warrants issued during the year ended December 31, 2024:

	Warrants	Broker Warrants
Share price	\$0.12	\$0.12
Risk-free interest rate	3.74% - 3.76%	3.76%
Expected dividend yield	0.00%	0.00%
Expected stock volatility	124% - 125%	124%
Expected life in years	5.0 years	5.0 years

The following assumptions were used for the Black-Scholes option pricing model valuation of warrants and broker warrants issued during the year ended December 31, 2023:

	Warrants	Broker Warrants
Share price	\$0.02 - \$0.03	\$0.02 - \$0.03
Risk-free interest rate	2.97% - 3.97%	2.97% - 3.97%
Expected dividend yield	0.00%	0.00%
Expected stock volatility	115% - 139%	115% - 139%
Expected life in years	2.0 - 5.0 years	2.0 - 5.0 years

(EXPRESSED IN CANADIAN DOLLARS)

13. CAPITAL STOCK, STOCK OPTIONS AND SHARE PURCHASE WARRANTS (continued)

Share Purchase Warrants (continued)

The following is a summary of the warrant transactions for the year ended December 31, 2024 and 2023.

	Year ended December 31, 2024		Year ended December 31, 2023	
	Number of Warrants	Weighted Average Exercise Price $	Number of Warrants	Weighted Average Exercise Price $
Balance, beginning of year	**45,394,694**	**0.09**	21,992,048	0.13
Warrants/broker warrants issued	**32,183,484**	**0.08**	25,902,646	0.10
Warrants expired	**(7,466,648)**	**0.10**	(2,500,000)	0.26
Balance, end of year	**70,111,530**	**0.09**	45,394,694	0.09

Stock options

The Company is authorized to grant directors, employees and consultants up to 20% of the issued and outstanding capital stock of the Company. Under the plan, the exercise price of each option equals the market price, less any applicable discounts of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

As at December 31, 2024, the following incentive stock options were outstanding:

		Options Outstanding		Options Exercisable	
Expiry Date	Exercise Price $	Number of Options Outstanding	Weighted average remaining contractual life (years)	Number of Options Vested	Weighted average remaining contractual life (years)
August 15, 2025	0.15	400,000	0.64	400,000	0.64
December 18, 2026	0.10	2,759,000	1.98	2,759,000	1.98
March 1, 2028	0.15	3,200,000	3.17	3,200,000	3.17
September 6, 2028	0.15	300,000	3.69	300,000	3.69
		6,659,000	2.23	6,659,000	2.23

(EXPRESSED IN CANADIAN DOLLARS)

13. CAPITAL STOCK, STOCK OPTIONS AND SHARE PURCHASE WARRANTS (continued)

Stock options (continued)

The following is a summary of stock option transactions for the years ended December 31, 2024 and 2023:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Number of Options	**Weighted Average Exercise Price $**	Number of Options	Weighted Average Exercise Price $
Balance, beginning of year	**7,459,000**	**0.13**	4,359,000	0.11
Options granted	**-**	**-**	3,500,000	0.15
Options expired (forfeited)	**(800,000)**	**0.10**	(400,000)	0.10
Balance, end of year	**6,659,000**	**0.12**	7,459,000	0.13

Share based compensation for the year ended December 31, 2024 of $nil (2023: $150,915) has been charged to share based compensation expense with a corresponding amount being recorded in the equity settled share-based payments reserve.

The following assumptions were used for the Black-Scholes option pricing model valuation of options issued during the years ended December 31, 2023.

	2023
Share price	$0.05 - $0.06
Risk-free interest rate	3.59% -3.97%
Expected dividend yield	0.00%
Expected stock volatility	116% - 119%
Expected life in years	5.0 years

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions for the year ended December 31, 2024 consisted of:

a) Debt settlement issuance of 6,644,325 shares with a value at $190,172.
b) Issuance of broker warrants valued at $34,403.

Significant non-cash investing and financing transactions for the year ended December 31, 2023 consisted of:

c) The issuance of 40,000 shares valued at $2,200 pursuant to the surface access agreement for the Miller Property.
d) Debt settlement issuance of 3,333,333 shares with a value at $200,000.
e) Issuance of broker warrants valued at $35,945.

(EXPRESSED IN CANADIAN DOLLARS)

15. INCOME TAXES

a) A reconciliation of income taxes at the statutory rate of 26.5% (2023 – 26.5%) is as follows:

	2024	2023
Loss for the year before income taxes	**$ (1,375,160)**	$ (2,087,997)
Expected income tax (recovery)	**$ (364,000)**	$ (553,000)
Share based compensation	**-**	40,000
Flow-through renunciation	**58,000**	305,000
Expenses not deductible for income tax purposes	**(69,000)**	(59,000)
Change in deferred tax assets not recognized	**375,000**	267,000
Total income tax (recovery)	**$ -**	$ -

b) Deferred income tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can use the benefits:

	2024	**2023**
Non-capital loss carry-forward	**$ 12,413,000**	**$ 11,105,000**
Exploration and evaluation expenditures	**18,728,000**	**18,524,000**
Other	**436,000**	**367,000**
Total	**$ 31,577,000**	**$ 29,996,000**

The Company has available for deduction against future taxable income, Canadian non-capital losses of approximately $12,413,000. Subject to certain restrictions, the Company also has resource expenditures of approximately $18,728,000 available to reduce taxable income in Canada in future years.

The non-capital losses if not used, will expire as follows:

2026	$ 849,000
2027	669,000
2028	605,000
2029	234,000
2030	170,000
2033	100,000
2034	406,000
2035	774,000
2036	790,000
2037	788,000
2038	1,193,000
2039	880,000
2040	678,000
2041	561,000
2042	1,275,000
2043	1,195,000
2044	1,246,000
	$ 12,413,000

16. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts.

17. COMMITMENTS AND CONTINGENCIES

The Company was obliged to spend $1,149,980 by December 31, 2024 and $1,000,000 by December 31, 2025 as part of the flow-through funding agreement for shares issued in 2023 and 2024. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

As at December 31, 2024, the Company has fulfilled approximately $433,000 of the total commitment for the shares issued in 2023 and $nil of the total commitment for the shares issued in 2024. The impact on the Company of the flow through spending shortfall cannot be determined at this time and accordingly, no provision has been accrued at December 31, 2024. For the year ended December 31, 2024, the Company has recorded amortization of flow-through premium liability of $145,924 (year ended December 31, 2023 - $229,475) in the statements of loss and comprehensive loss.

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. See Note 11.

Marrelli Service Support Inc. - CFO and service consulting agreement
The Company is obligated to pay a termination notice for consulting service of $3,750 for 24 months from the effective date of the termination notice, if the termination notice is provided within the first two calendar years, after that the commitment is $3,750 for three months.

Executive compensation
The Company entered into an employment agreement with its senior executive which contains clauses requiring additional payments to be made upon the occurrence of certain events such as change of control, as well as termination commitment of $359,725 (USD$250,000). As the triggering event has not occurred, the contingent payment has not been provided for in these financial statements. Minimum commitment under this contract due within one year is $359,725 (USD$250,000).

18. SUBSEQUENT EVENT

On March 18, 2025, the CPTAQ issued a ruling against the Company's Miller Graphite Mine ("Miller"), whereby CPTAQ refused to authorize the development of the project. The Company disagrees with the CPTAQ decision and has filed its appeal of the CPTAQ decision to the Tribunal Administrative du Quebec (TAQ) on April 17, 2025. The timing and outcome of the appeal cannot be determined at this time.