Chibougamau Independent Mines Inc.

# FINANCIAL STATEMENTS OF CHIBOUGAMAU INDEPENDENT MINES INC. FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (EXPRESSED IN CANADIAN DOLLARS)

To the Shareholders of Chibougamau Independent Mines Inc.:

## Opinion

We have audited the financial statements of Chibougamau Independent Mines Inc. (the "Corporation"), which comprise the statements of financial position as at December 31, 2024 and December 31, 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows 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 Corporation as at December 31, 2024 and December 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

## Basis for Opinion

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

## Other Information

Management is responsible for the other information. The other information comprises 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 audits 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 audits 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 on this other information, 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.

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### 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 Accounting Standards as issued by the International Accounting Standards Board, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 the 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 judgment 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 risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation'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 Corporation 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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.

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

Montréal, Québec

MNP LLP [1]

April 24, 2025

[1] By CPA auditor, public accountancy permit No. A135863

# CHIBOUGAMAU INDEPENDENT MINES INC.
**Statements of Loss and Comprehensive Loss**
**(Expressed in Canadian Dollars)**

| | Year ended December 31, 2024 | 2023 |
|---|---|---|
| **Revenues** (note 9) | **$ 123,374** | $ 607,038 |
| **Expenses** | | |
| Administration (note 10) | **31,551** | 40,272 |
| Exploration and evaluation expenditures (note 11) | **472** | 420,300 |
| Management services (note 14) | **76,179** | 81,699 |
| Professional fees and outside services (note 10) | **66,764** | 76,810 |
| Share-based compensation (note 13) | **-** | 139,451 |
| Transfer agent and filing fees | **21,399** | 27,361 |
| | **196,365** | 785,893 |
| **Loss from operations** | **(72,991)** | (178,855) |
| **Other income (expense)** | | |
| Increase (decrease) in fair value of investments (note 5) | **62,687** | (67,848) |
| Interest income | **21** | 22 |
| Loss on settlement of accounts receivable (note 5) | **(19,513)** | - |
| Other income | **-** | 10,000 |
| | **43,195** | (57,826) |
| **Loss before taxes** | **(29,796)** | (236,681) |
| **Income taxes** | | |
| Income tax expense (recovery) (note 8) | **-** | (65,069) |
| **Loss and comprehensive loss for the year** | **$ (29,796)** | $ (171,612) |
| **Basic and diluted loss per share** (note 12) | **$ (0.00)** | $ (0.00) |
| **Weighted average number of common shares outstanding - basic and diluted** (note 12) | **61,065,536** | 60,987,678 |

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

## CHIBOUGAMAU INDEPENDENT MINES INC.
**Statements of Cash Flows**
**(Expressed in Canadian Dollars)**

| | Year ended December 31, 2024 | 2023 |
|---|---|---|
| **Operating activities:** | | |
| Loss and comprehensive loss for the year | **$ (29,796)** | $ (171,612) |
| Adjustments for: | | |
| Disposal of mineral properties for shares (note 9(ii)) | **(33,374)** | (107,038) |
| (Increase) decrease in fair value of investments (note 5) | **(62,687)** | 67,848 |
| Income tax recovery (note 8) | **-** | (65,069) |
| Loss on settlement of accounts receivable (note 5) | **19,513** | - |
| Share-based compensation (note 13) | **-** | 139,451 |
| | **(106,344)** | (136,420) |
| Change in non-cash working capital items (note 15) | **(345,629)** | 307,516 |
| **Net cash (used in) provided by operating activities** | **(451,973)** | 171,096 |
| **Financing activities:** | | |
| Issuance of common shares (note 13) | **-** | 150,000 |
| Share issuance costs | **-** | (15,352) |
| **Net cash provided by financing activities** | **-** | 134,648 |
| **Net change in cash** | **(451,973)** | 305,744 |
| **Cash, beginning of year** | **839,882** | 534,138 |
| **Cash, end of year** | **$ 387,909** | $ 839,882 |
| **Supplemental non-cash information** | | |
| Shares received to settle accounts receivable (note 5) | **$ 33,735** | $ - |

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

# CHIBOUGAMAU INDEPENDENT MINES INC.
**Statements of Financial Position**
**(Expressed in Canadian Dollars)**

| | As at December 31, 2024 | As December 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | **$ 387,909** | $ 839,882 |
| Investments (note 5) | **149,473** | 39,190 |
| Accounts receivable | **-** | 33,023 |
| Prepaid and deposits | **23,151** | 18,839 |
| **Total assets** | **$ 560,533** | $ 930,934 |
| **LIABILITIES AND EQUITY** | | |
| **Current liabilities** | | |
| Payables and accruals (note 6) | **$ 25,455** | $ 323,489 |
| Related party payable (note 14(a)) | **3,368** | 45,939 |
| **Total liabilities** | **28,823** | 369,428 |
| **Shareholders' equity** | | |
| Common shares (note 13(a)) | **11,765,846** | 11,765,846 |
| Contributed surplus - equity settled reserve | **922,776** | 922,776 |
| Deficit | **(12,156,912)** | (12,127,116) |
| **Total equity** | **531,710** | 561,506 |
| **Total liabilities and equity** | **$ 560,533** | $ 930,934 |

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

General business description (note 1)
Commitments and contingencies (note 18)

**Approved on behalf of the Board:**

"Jack Stoch", Director

"David LeClaire", Director

## CHIBOUGAMAU INDEPENDENT MINES INC.
**Statements of Changes in Shareholders' Equity**
**(Expressed in Canadian Dollars)**

**Equity attributable to shareholders**

| | Number of shares | Common shares | Shares to be issued | Contributed surplus - equity settled reserve | Deficit | Total |
|---|---|---|---|---|---|---|
| **Balance, December 31, 2022** | **59,315,536** | **$ 11,606,198** | **$ 25,000** | **$ 783,325** | **$ (11,955,504)** | **$ 459,019** |
| Shares issued under private placement | 1,750,000 | 175,000 | (25,000) | - | - | 150,000 |
| Share issuance costs | - | (15,352) | - | - | - | (15,352) |
| Share-based compensation | - | - | - | 139,451 | - | 139,451 |
| Loss and comprehensive loss | - | - | - | - | (171,612) | (171,612) |
| **Balance, December 31, 2023** | **61,065,536** | **11,765,846** | **-** | **922,776** | **(12,127,116)** | **561,506** |
| Loss and comprehensive loss | - | - | - | - | (29,796) | (29,796) |
| **Balance, December 31, 2024** | **61,065,536** | **$ 11,765,846** | **$ -** | **$ 922,776** | **$ (12,156,912)** | **$ 531,710** |

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

## 1. General Business Description

Chibougamau Independent Mines Inc. (the “Corporation” or "CIM") was incorporated under the Canada Business Corporations Act on December 13, 2010, as a wholly-owned subsidiary of Globex Mining Enterprises Inc. ("Globex") with the intention of acquiring and developing properties located in the Chibougamau Mining District of Québec. It is focused on reviving production in the Chibougamau gold-copper mining camp.

On September 10, 2012, Globex and the Corporation entered into an Arrangement which resulted in the reorganization of the Corporation’s capital and the receipt of cash, certain investments held by Globex as well as the transfer of ten properties from Globex to the Corporation. Under a Plan of Arrangement, effective December 29, 2012, ten properties were transferred from Globex to the Corporation subject to a 3% Gross Metal Royalty ("GMR") in favour of Globex. The reorganization resulted in CIM no longer being a subsidiary of Globex. The CIM shares began trading on the TSX Venture Exchange ("TSXV") on January 25, 2013, under the symbol CBG. On October 3, 2016, Globex announced that the 3% GMR on a number of claims related to the Mont Sorcier project had been reduced to 1%, but extended to claims acquired by the Corporation in 2016 and therefore applicable to the entire historical mineral deposit.

The Corporation’s head office and principal business offices are located at 86, 14th Street, Rouyn-Noranda, Québec, J9X 2J1.

The Corporation shares trade on the TSXV under the symbol CBG, on the Stuttgart and Frankfurt exchanges under the symbol CLL1, as well as on the OTC Markets (USA) under the symbol CMAUF.

## 2. Basis of Presentation

### Statement of Compliance

These financial statements have been prepared in accordance with the IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB") and IFRIC® Interpretations of the IFRS Interpretations Committee.

### Basis of Presentation

These financial statements were prepared on a going concern basis, under the historical cost basis, except for certain assets that are measured at fair value through profit and loss as indicated in note 3. All financial information is presented in Canadian dollars.

### Approval of Financial Statements

The Corporation's Board of Directors approved these financial statements on April 24, 2025.

## 3. Material Accounting Policies

The principal accounting policies applied in the presentation of these financial statements are set out below.

### a) Functional and presentation currency

The Corporation’s presentation and the functional currency is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

### b) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand with an original maturity of three months or less, which are readily convertible into a known amount of cash.

**3. Material Accounting Policies (Continued)**

**c) Refundable tax credits and mining duties**

The Corporation is entitled to a refundable tax credit of 28% on qualified exploration expenditures incurred in the province of Quebec. The Corporation is also entitled to a refund of mining duties of the lesser of 16% on 50% of qualified mining exploration expenses or operating losses during the period, net of the refundable tax credit.

The credit or refunds are recorded based on management's best estimates once the necessary information is available and management believes that the amounts are collectible.

**d) Financial instruments**

Under IFRS 9, Financial Instruments ("IFRS 9"), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the classification and measurement bases of our financial instruments.

| Financial instruments | Classification |
|---|---|
| Cash | FVTPL |
| Investments | FVTPL |
| Payables and accruals | Amortized cost |
| Related party payable | Amortized cost |

Financial assets:

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Corporation determines the classification of its financial assets at initial recognition.

(a) Financial assets recorded at FVTPL

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. The Corporation's cash and investments are classified as financial assets measured at FVTPL.

(b) Amortized cost

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 FVTPL: 1) the object of the Corporation'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". There are currently no financial assets measured at amortized cost.

Financial liabilities:

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Corporation determines the classification of its financial liabilities at initial recognition.

**3. Material Accounting Policies (Continued)**

**d) Financial instruments (continued)**

Financial liabilities (continued):

(a) Amortized cost

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 Corporation's payables and accruals and related party payable do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

(b) Financial liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the categories detailed above. There are currently no financial liabilities measured at FVTPL.

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 Corporation 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.

Expected credit loss impairment model:

IFRS 9 introduced a single expected credit loss ("ECL") impairment model, which is based on changes in credit quality since initial application. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past event, current conditions and forecasts of future economic conditions. The expected credit loss impairment model has no impact on the Corporation's financial statements.

The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation 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 Corporation 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.

**3. Material Accounting Policies (Continued)**

**e) Mineral properties and exploration expenses**

The Corporation expenses all acquisition costs of mineral properties and exploration expenses as incurred.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

**f) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or arising from the use by others of the Corporation's assets yielding option income, royalties, interest and dividends. The Corporation recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Corporation and when the specific criteria have been met for each of the Corporation's activities as described below.

(i) Sales of mineral properties
The proceeds from the sale of mineral properties are recorded as option income.

(ii) Option income
Option income is recognized on an accrual basis in accordance with the substance of the relevant agreements when it is probable that the Corporation will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Shares received under option agreements are valued at fair value which is determined at quoted market prices if the shares are quoted in an active market. If the market for the shares is not active, fair value is established by using a valuation technique. The fair value of these common shares was determined based on Black-Scholes option pricing model, after applying the discounts for lack of marketability due to the regulatory release period.

(iii) Interest and dividend income
Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably).

**g) Current and deferred taxes**

Taxes, comprising both income and resource taxes accounted for as income taxes, are recognized in the statement of loss and comprehensive loss, except where they relate to items recognized in other comprehensive loss or directly in equity, in which case the related taxes are recognized in other comprehensive income or equity. Taxes on income are recorded using the tax rate that would be applicable to expected annual income.

The current income tax charge is based on taxable income for the period. Taxable income differs from net income (loss) as reported in the statement of loss and comprehensive loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible.

**3. Material Accounting Policies (Continued)**

**g) Current and deferred taxes (continued)**

Deferred tax is recognized, using the asset and liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, the Corporation reassesses unrecognized deferred tax assets. The Corporation recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profits will enable the deferred tax asset to be recovered. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is adjusted to the extent that it is no longer probable that sufficient taxable income will be available to ensure that all or part of the asset will be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

**h) Share-based compensation**

The Corporation uses the fair value method to record stock options. The fair value of all share purchase options is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. The Corporation uses the Black-Scholes option pricing model to calculate the fair value of share purchase options at the date of the grant.

**i) Flow-through shares**

The Corporation raises funds through the issuance of “flow-through” shares which entitle investors to prescribed resource tax benefits and credits once the Corporation has renounced these benefits to the investors in accordance with applicable tax legislation. The Corporation considers the issuance of flow-through shares in substance: (a) an issue of an ordinary share; and (b) the sale of tax deductions. The sale of tax deductions has been measured based on the residual fair value method.

At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as a flow-through liability. When the Corporation fulfills its obligation, the flow-through liability is reduced, the sale of tax deductions is recognized in the statement of loss and comprehensive loss as a reduction of the deferred tax expense, and a deferred tax liability is recognized in accordance with IAS 12, Income Taxes, for the taxable temporary differences between the carrying value of eligible expenditures expensed for accounting purposes.

**3. Material Accounting Policies (Continued)**

**j) Loss per share**

Basic loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants (if dilutive).

The number of additional shares is calculated by assuming that outstanding dilutive stock options were exercised and the proceeds from such exercise were used to acquire common stock at the average market price during the reporting periods.

**k) Share capital**

The Corporation's common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

In the event the Corporation receives funds in advance for shares that have not yet been issued, the Corporation will record the amount within equity as shares to be issued. Once the shares have been issued, the Corporation will reallocate the value to share capital.

**l) Accounting standards effective this year and future applicable accounting standards**

<u>Accounting standards effective this year</u>

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 were effective for annual periods beginning on January 1, 2024 and were adopted by the Corporation on this date, and did not have a material impact on the Corporation's financial statements.

<u>Future applicable accounting standards</u>

In April 2024, the IASB issued IFRS 18 - Presentation and Disclosure in Financial Statements which sets out the overall requirements for presentation and disclosures in the consolidated financial statements. The new standard replaces IAS 1 and although much of the substance of IAS 1 will carry over into the new standard, the new standard will require presentation of separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The new standard will also require disclosure and explanation of 'management-defined performance measures' in a separate note within the financial statements.

The new standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Corporation is currently assessing the impact of the new standard.

## 4. Significant Accounting Assumptions, Judgments and Estimates

The preparation of financial statements under the principles of IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such judgments and estimates is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarized below. Areas of judgment and estimates that have the most significant effect on the amounts recognized in the financial statements are:

**Judgments**

**a) Going concern**
The assessment of the Corporation's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenses, meet its liabilities for the upcoming year, and to fund planned projects, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Given the judgment involved, actual results may lead to a materially different outcome.

**b) Collectability of option agreements**
Collectability of consideration to be received on option agreements entered into with third parties on the Corporation's properties, involves judgment regarding the probability that the optionees will be able to meet their spending commitments and pay the considerations specified in the agreement.

For contracts which there is significant uncertainty as to whether the optionee will be able to make all the required payments in the contract, the Corporation only recognizes revenue as the option payments are due and only if collectability is reasonably assured.

**c) Deferred income tax balances**
The Corporation uses the asset and liability method in accounting for deferred income taxes. Under this method, deferred income taxes are recognized for the future income tax. In preparing these estimates, management is required to interpret, substantially enacted legislation as well as economic and business conditions along with management's tax and corporate plans which may impact taxable income in future periods. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

**Estimates**

**a) Share-based compensation**
The estimate of share-based compensation requires the selection of an appropriate valuation model and consideration of the inputs necessary for the model chosen.

The Corporation has made estimates of the volatility of its own shares, the probable life of options granted, interest rates, and the time of exercise of those options. The Corporation uses the Black-Scholes option pricing model to calculate the fair value of the share-based compensation. Changes in these assumptions can materially affect the fair value estimate and, therefore, do not necessarily provide a reliable single measure of the fair value of the Corporation's share purchase options.

**(Expressed in Canadian Dollars)**

## 5. Investments

**December 31, 2024**

| | Number of shares | Cost | Cumulated unrealized loss | Fair value |
|---|---|---|---|---|
| TomaGold Corporation ("TomaGold") | **10,686,741** | **$ 154,634** | **$ (5,161)** | **$ 149,473** |

**December 31, 2023**

| | Number of shares | Cost | Cumulated unrealized loss | Fair value |
|---|---|---|---|---|
| TomaGold | 6,000,000 | $ 107,038 | $ (67,848) | $ 39,190 |

During the year ended December 31, 2024, the Corporation received 3,000,000 shares from TomaGold related to the Option Agreement for the West Block property (year ended December 31, 2023 - 6,000,000 shares). Refer to note 9(ii).

During the year ended December 31, 2024, the Corporation received 1,686,741 shares from TomaGold (valued at $14,222) to settle accounts receivable of $33,735 which resulted in a loss of settlement of accounts receivable of $19,513 recorded in the statement of loss and comprehensive loss.

## 6. Payables and Accruals

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Payables and accruals | **$ 25,455** | $ 323,489 |
| | **$ 25,455** | $ 323,489 |

Included in payables and accruals is $7,630 payable to the Chief Financial Officer ("CFO") and Corporate Secretary (December 31, 2023 - $9,630). See note 14 for further details.

## 7. Flow-Through Liability

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Balance, beginning of year | **$ -** | $ 65,069 |
| Reduction related to qualified exploration expenditures | **-** | (65,069) |
| Balance, end of year | **$ -** | $ - |

The flow-through liability represents the excess of the proceeds received from flow-through shares over the fair value of the shares issued.

This liability is not settled through cash payments. Instead, this balance is amortized against qualifying flow-through expenditures which were required to be incurred before December 31, 2023. As at December 31, 2023, the flow-through obligation was fully completed.

**(Expressed in Canadian Dollars)**

## 8. Income Taxes

### Income tax recovery

| | December 31, 2024 | 2023 |
|---|---|---|
| Recovery of income and mining duties as a result of the sale of tax benefits (flow-through shares) | **$ -** | $ (65,069) |
| Recovery of income taxes | **$ -** | $ (65,069) |

### Tax expense reconciliation

The recovery of income and mining taxes attributable to the loss before taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.5% (2023 - 26.5%) as a result of the following:

| | December 31, 2024 | 2023 |
|---|---|---|
| Loss before taxes | **$ (29,796)** | $ (236,681) |
| Combined tax rate | **26.5%** | 26.5% |
| Recovery of income and mining tax provision calculated at combined rate | **(7,896)** | (62,720) |
| Deferred tax expense related to flow-through shares | **-** | 228,022 |
| Stock-based compensation | **-** | 36,955 |
| Non-deductible expenses and other | **(5,547)** | 13,654 |
| Tax benefits not recognized | **13,443** | (215,911) |
| Income and mining tax provision | **-** | - |
| Flow-through liability (sale of tax benefits (flow-through shares)) | **-** | (65,069) |
| Income and mining tax provision related to continuing operations | **$ -** | $ (65,069) |

At December 31, 2024, the Corporation had non-capital loss carry forwards available to reduce future years' income tax purposes. The non-capital losses will expire as follows:

| | Federal | Provincial |
|---|---|---|
| 2030 | $ 547 | $ 547 |
| 2031 | 175,459 | 175,459 |
| 2032 | 1,931 | 1,931 |
| 2033 | 651,883 | 651,883 |
| 2034 | 255,113 | 393,676 |
| 2035 | 208,211 | 208,211 |
| 2036 | 208,788 | 78,347 |
| 2037 | 138,144 | 138,144 |
| 2038 | 154,678 | 154,678 |
| 2039 | 167,105 | 167,105 |
| 2040 | 160,113 | 160,113 |
| 2041 | 169,204 | 169,204 |
| 2042 | 105,187 | 105,187 |
| 2043 | 48,606 | 48,606 |
| 2044 | 82,605 | 82,605 |
| | **$ 2,527,574** | **$ 2,535,696** |

**(Expressed in Canadian Dollars)**

## 8. Income Taxes (Continued)

### Unrecognized deferred tax assets

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

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Non-capital losses | **$ 2,535,696** | $ 2,453,091 |
| Capital losses | **125,475** | 125,475 |
| Share issuance costs | **16,493** | 32,051 |
| Resource related deductions | **298,633** | 271,128 |
| Investments at FVTPL | **24,674** | 67,848 |
| | **$ 3,000,971** | $ 2,949,593 |

## 9. Revenues

A summary of the revenues for the respective years follows:

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| Option income - Mont Sorcier property (i) | **$ 90,000** | $ - |
| Option income - West Block (ii) | **33,374** | 407,038 |
| Option income - East Block (iii) | **-** | 200,000 |
| | **$ 123,374** | $ 607,038 |

(i) During the year ended December 31, 2024, a total cash payment of $90,000 from Cerrado Gold Inc. related to the Mont Sorcier property was received.

(ii) On August 11, 2023, the Corporation entered into a definitive Option Agreement with TomaGold pursuant to which the Corporation granted TomaGold an option to acquire the West Block, comprised of 99 claims in Barlow and McKenzie Townships, Quebec.

In order to exercise its option and acquire a 100% interest in the West Block, TomaGold must make cash payments to the Corporation in an aggregate amount of $2,650,000 over a period of five years, including an initial payment of $300,000 on the effective date of the Option Agreement; issue 6,000,000 shares to the Corporation within five business days of the effective date of the Option Agreement; issue additional shares to the Corporation on an annual basis for five years thereafter in an aggregate amount of $1,350,000, subject to the rules and permission of the TSXV, at an issue price per share equal to the volume weighted average trading price of TomaGold's shares at the respective dates of issuance; and incur expenditures on the West Block in an aggregate amount of $5,600,000 over a period of five years, including $600,000 in the first year. Any shares issued by TomaGold to the Corporation under the Option Agreement will be subject to the approval of the TSXV and to a four-month hold period under applicable securities regulations and the policies of the TSXV.

The Corporation will retain a 2% GMR on the West Block, as will Globex. TomaGold has the right to repurchase 0.5% of the 2% GMR held by each of the Corporation and Globex for a total purchase price of $1,500,000, to be divided equally between the Corporation and Globex.

On September 15, 2023, a cash payment of $300,000 and 6,000,000 common shares with a fair value of $107,038 were received from TomaGold.

**9. Revenues (Continued)**

(ii) (continued) On September 13, 2024, 3,000,000 common shares with a fair value of $33,374 were received from TomaGold. During the year ended December 31, 2024, TomaGold was required to issue shares with a value of $150,000. However, subject to the rules and permission of the TSXV, only 3,000,000 shares were approved for issue to the Corporation during the year. The $33,374 payment received in shares was accepted by the Corporation and the agreement is still in good standing. Although TomaGold is expected to issue an aggregate remaining amount of $1,200,000 over the next four years, the Corporation cannot guarantee that this is the total value of shares it will receive in the future.

On December 18, 2024, the Corporation extended both the required first anniversary $50,000 cash and $600,000 work expenditures requirement to June 30, 2025.

(iii) On August 11, 2023, the Corporation entered into a letter of intent (“LOI”) with TomaGold for a potential sale of the East Block to TomaGold. The East Block is comprised of 127 claims in McKenzie, Obalski, Roy and Lemoine Townships, Quebec.

Under the LOI, the Corporation undertook not to seek to enter into discussions or negotiations with any party other than TomaGold regarding the sale of the East Block for a period of 180 days from the date of the LOI, in consideration for which TomaGold was required to pay $200,000 to the Corporation. During the 180-day period, TomaGold was entitled to carry out a due diligence review of the East Block.

An indicative term sheet forming part of the LOI provided that if the Corporation and TomaGold entered into a definitive agreement for the purchase and sale of the East Block, the purchase price would be $11,000,000 in cash payments from TomaGold to the Corporation over a period of two years, including $5,000,000 upon signing of the definitive agreement, and the issuance by TomaGold to the Corporation on the closing date of the sale of 10,000,000 common shares at a deemed price of $0.05 per share. The LOI provided that TomaGold would grant a first-ranking hypothec to the Corporation as security for payment of the cash purchase price for the East Block.

The LOI also provided that TomaGold would grant a 2% GMR on the East Block to each of the Corporation and Globex and that TomaGold would have the right to repurchase 0.5% of the 2% GMR held by the Corporation and Globex, respectively, for $750,000 for each 0.5% purchased.

The LOI did not constitute a legally binding contract, offer or promise of sale of the East Block and no assurance could be given by the Corporation that it would enter into a definitive agreement with TomaGold with respect to the sale of the East Block on the terms and conditions set out above or at all. Any definitive agreement with respect to the sale of the East Block would be subject to regulatory approval, including that of the TSXV, and might be subject to shareholder approval.

On September 15, 2023, a cash payment of $200,000 was received from TomaGold.

On August 2, 2024, the Corporation announced that TomaGold and the Corporation have mutually agreed to terminate the LOI dated August 11, 2023 pursuant to which TomaGold had an option to acquire the Corporation's East Block. The parties were unable to reach agreement on final terms that were commercially acceptable to each of them in order to move forward with the East Block Option.

**(Expressed in Canadian Dollars)**

## 10. Expenses by Nature

| | Year ended December 31, 2024 | 2023 |
|---|---|---|
| **Administration** | | |
| Advertising and promotion | $ - | $ 1,387 |
| Flow-through administration | - | 13,193 |
| Insurance | 17,784 | 17,775 |
| Office supplies and maintenance | 5,604 | 5,268 |
| Other | 6,576 | 657 |
| Shareholder information | 1,587 | 1,992 |
| | $ 31,551 | $ 40,272 |

| | Year ended December 31, 2024 | 2023 |
|---|---|---|
| **Professional fees and outside services** | | |
| Audit and accounting fees | $ 39,410 | $ 31,576 |
| Legal fees | 27,354 | 45,234 |
| | $ 66,764 | $ 76,810 |

## 11. Exploration and Evaluation Expenditures

| **Exploration and evaluation expenses by project** | Year ended December 31, 2024 | 2023 |
|---|---|---|
| Bateman Bay | $ 28,251 | $ 247,108 |
| Berrigan South and Berrigan Mine | 2,719 | 42,285 |
| Buckell Lake | - | 109 |
| Copper Cliff Extension | 378 | - |
| Grandroy | 271 | 429 |
| Gwillim | 7 | 9,307 |
| Kokko Creek | 190 | 1,413 |
| Lac Antoinette | 190 | 9,415 |
| Lac Chibougamau | 194 | 34,483 |
| Lac David Sud | 4,680 | 38,683 |
| Lac Elaine | - | 8,879 |
| Lac Simon | 7 | 12,289 |
| Malouf | 161 | 9,224 |
| Nepton | - | 439 |
| Quebec Chibougamau Goldfields | 2,550 | 711 |
| Virginia Option | - | 797 |
| General exploration | 4,377 | 4,729 |
| Quebec refundable tax credit | (43,503) | - |
| **Exploration and evaluation expenditures** | $ 472 | $ 420,300 |

**(Expressed in Canadian Dollars)**

### 11. Exploration and Evaluation Expenditures (Continued)

| **Exploration expenses by expenditure type** | **Year ended December 31, 2024** | **2023** |
|---|---|---|
| Consulting fees | **$ 677** | $ 1,108 |
| Core shack, storage and equipment rental | **1,370** | - |
| Drilling | **-** | 217,840 |
| Geology | **-** | 26,857 |
| Laboratory analysis and sampling | **4,105** | 3,680 |
| Labour | **33,747** | 154,393 |
| Mining property tax and permits | **1,473** | 5,911 |
| Reports, maps and supplies | **443** | 367 |
| Transport and road access | **2,160** | 10,144 |
| Quebec refundable tax credit | **(43,503)** | - |
| | **$ 472** | $ 420,300 |

### 12. Loss Per Common Share

Basic loss per common share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per common share is calculated by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding during the period, plus the effects of dilutive common share equivalents such as stock options.

Diluted net loss per common share is calculated using the treasury method, where the exercise of options is assumed to be at the beginning of the period and the proceeds from the exercise of options and the amount of compensation expense measured, but not yet recognized in income are assumed to be used to purchase common shares of the Corporation at the average market price during the period. Diluted loss per common share did not include the effect of options for the year ended December 31, 2024 and 2023, as they are anti-dilutive.

**Basic and diluted loss per common share**

The following table sets forth the computation of basic and diluted loss per share:

| | **Year ended December 31, 2024** | **2023** |
|---|---|---|
| Numerator | | |
| Loss for the year | **$ (29,796)** | $ (171,612) |
| Denominator | | |
| Weighted average number of common shares - basic and diluted | **61,065,536** | 60,987,678 |
| Loss per share - basic and diluted | **$ (0.00)** | $ (0.00) |

(i) At December 31, 2024 and 2023, no stock options were included in the diluted loss per share as they were anti-dilutive.

**(Expressed in Canadian Dollars)**

## 13. Share Capital

**Authorized:**

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

Common shares: Voting

Preferred: Issuable in series, non-voting, conditions to be determined by the Board of Directors.

### a) Changes in capital stock

| | | **December 31, 2024** | | **December 31, 2023** |
|---|---|---|---|---|
| **Fully paid common shares** | **Number of shares** | **Capital stock** | **Number of shares** | **Capital stock** |
| Balance, beginning of year | **61,065,536** | **$ 11,765,846** | 59,315,536 | $ 11,606,198 |
| Private placements - common shares (i) | **-** | **-** | 1,750,000 | 175,000 |
| Share issuance costs (i) | **-** | **-** | - | (15,352) |
| Balance, end of year | **61,065,536** | **$ 11,765,846** | 61,065,536 | $ 11,765,846 |

(i) On January 16, 2023, the Corporation completed the second and final tranche of a non-brokered private placement by issuing 1,750,000 additional common shares at a price of $0.10 per share for proceeds of $175,000. Total share issuance costs were $15,352.

There were no capital stock transactions in 2024.

### b) Stock options

On September 7, 2012, the Corporation directors approved the adoption of the 2012 stock option plan (the "Plan") for directors, officers, employees and consultants who share primary responsibility for the management, growth and protection of the business of the Corporation.

The key terms of the plan are as follows:

(i) The original maximum number of shares that could be issued pursuant to the plan was a fixed number of 1,603,235 after reflecting the impact of the share consolidation in June 2016. On October 11, 2016, the TSXV approved an amendment which increased the number of shares issuable to 3,722,850 which resulted in 2,120,750 options available for future grant.

(ii) The maximum number of shares that can be reserved for issuance during any 12-month period is limited to a certain percentage, as follows, of issued and outstanding shares:

a) 5% for any one optionee,
b) 2% for any one consultant,
c) 2% for persons conducting investor-relations.

**(Expressed in Canadian Dollars)**

**13. Share Capital (Continued)**

**b) Stock options (continued)**

(iii) The option exercise price shall be fixed by the Board of Directors at the time of granting the options and shall not be less than the market price of the shares, less the maximum discount permitted under the policies of the TSXV. The options are not transferable and the term cannot exceed ten years.

At December 31, 2024, 1,900,000 (December 31, 2023 – 2,425,000) stock options were outstanding and exercisable with a weighted average exercise price of $0.11 (December 31, 2023 - $0.12) per share and a weighted average remaining contractual life of 3.05 years (December 31, 2023 - 3.27 years).

In addition to the 1,900,000 (December 31, 2023 – 2,425,000) options outstanding, 1,822,850 (December 31, 2023 – 1,297,850) options were available to be granted at December 31, 2024.

The following is a summary of the share purchase option transactions under the stock option plan for the relevant years:

| | | **December 31, 2024** | | **December 31, 2023** |
|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price** | **Number of options** | **Weighted average exercise price** |
| Balance, beginning of year | **2,425,000** | **$ 0.12** | 775,000 | $ 0.19 |
| Expired | **(525,000)** | **0.18** | - | - |
| Cancelled | **-** | **-** | (150,000) | 0.18 |
| Granted (i) | **-** | **-** | 1,800,000 | 0.10 |
| Balance, end of year | **1,900,000** | **$ 0.11** | 2,425,000 | $ 0.12 |
| Options exercisable | **1,900,000** | **$ 0.11** | 2,425,000 | $ 0.12 |

(i) On February 10, 2023, 1,800,000 stock options with a fair value per share of $0.0775 were granted to certain directors and officers of the Corporation at an exercise price of $0.10 per share. The Corporation's shares closed at $0.10 per share on the day before. The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 104.18%; risk-free interest rate of 3.16%; and an expected average life of 5 years. During the year ended December 31, 2024, an expense of $nil (year ended December 31, 2023 - $139,451) related to share-based compensation was recorded and presented separately in the statements of loss and comprehensive loss.

The following table summarizes information regarding the stock options outstanding and exercisable as at December 31, 2024:

| **Exercise prices** | **Number of options outstanding** | **Number of options exercisable** | **Weighted average remaining contractual life (years)** | **Weighted average exercise price** |
|---|---|---|---|---|
| $0.100 | 1,800,000 | 1,800,000 | 3.11 | $ 0.10 |
| $0.225 | 100,000 | 100,000 | 1.90 | 0.23 |
| | 1,900,000 | 1,900,000 | 3.05 | $ 0.11 |

(Expressed in Canadian Dollars)

## 14. Related Party Information

### a) Related party payables

| | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Globex | **$** | **3,368** | $ | 45,939 |

The Corporation is considered a related party with Globex as management consisting of the President and Director, who hold the same positions with both entities. In addition, the President and Chief Executive Officer ("CEO") holds a large number of common shares of both corporations through Jack Stoch Geoconsultant Services Limited, a company controlled by the President and CEO, and therefore can influence the operations of both corporations. The amount payable bears no interest, is without specific terms of repayment and is unsecured.

### b) Management services

On December 29, 2012, the Corporation entered into a Management Services Agreement with Globex under which the Corporation would receive management services including administrative, compliance, corporate secretarial, risk management support and advisory services.

| | Year ended December 31, | | | |
|---|---|---|---|---|
| | | **2024** | | **2023** |
| Globex Management Services (i) | **$** | **13,308** | $ | 13,161 |
| Management compensation (ii) | | **62,871** | | 68,538 |
| | **$** | **76,179** | $ | 81,699 |

(i) Globex management services for the respective periods represents Globex's estimate of the specific costs related to performing these services in accordance with the Management Services Agreement.

(ii) Management compensation represents salaries and other benefits of the President and CEO as well as external services provided by the CFO and the Corporate Secretary. As at December 31, 2024, the balance due to the CFO and Corporate Secretary is $7,630 (December 31, 2023 - $9,630) which is included in payables and accruals due under normal credit terms.

No other related party transactions were incurred during the year ended December 31, 2024 and 2023. All related party transactions disclosed above were at the agreed amounts that approximate fair value.

## 15. Supplementary Cash Flows Information

### Changes in non-cash working capital items

| | Year ended December 31, | | | |
|---|---|---|---|---|
| | | **2024** | | **2023** |
| Accounts receivable | **$** | **(712)** | $ | 27,922 |
| Prepaid and deposits | | **(4,312)** | | 2,285 |
| Payables and accruals | | **(298,034)** | | 256,028 |
| Related party payable (note 14) | | **(42,571)** | | 21,281 |
| | **$** | **(345,629)** | $ | 307,516 |

## 16. Financial Instruments

### Capital risk management

The Corporation manages its common shares, shares to be issued, contributed surplus, equity settled reserve and deficit as capital. Its principal source of cash is from the issuance of common shares. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern while it pursues its objective of evaluating, enhancing the value and acquiring additional properties or business assets. The Corporation manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares. The Corporation's overall strategy remains unchanged from 2023.

The Corporation's investment policy is to invest its short-term excess cash in low risk, highly-liquid short-term interest-bearing investments with maturities, selected to match the expected timing of expenditures related to continuing operations.

In order to facilitate the management of its capital requirements, the Corporation prepares annual expenditure budgets that are updated as necessary. The annual and updated budgets are approved by the Board of Directors. For capital management purposes, the Corporation has developed two objectives which are as follows:

- Retain cash as well as accounts receivable which are equal to or greater than the committed exploration expenditures; and

- Retain equity investments and debt instruments with a combined fair market value which are greater than twelve months of projected operating and administrative expenditures.

Based on the current cash position and exploration strategy, the Corporation will likely need additional capital resources to complete or carry out its exploration and development plans for the next twelve months.

The Corporation is not subject to any externally imposed capital requirements.

The fair value of the Corporation's payables and accruals and related party payable approximate their carrying value due to the short-term nature. The equity investments have been adjusted to reflect their fair market value at the period end based on market quotes. The Corporation's cash is recorded at FVTPL.

The Corporation's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, equity market risk and fair value measurements recognized in the statement of financial position.

**(Expressed in Canadian Dollars)**

**16. Financial Instruments (Continued)**

**(a) Credit risk**

The Corporation had cash which totaled $387,909 as at December 31, 2024, (December 31, 2023 - $839,882). These funds are subject to a combination of the $100,000 maximum guarantee per individual institution as provided by the Canadian Deposit Insurance Corporation, a federal Crown Corporation. The Corporation does not believe that it is subject to any significant concentration of credit risk. Cash and cash equivalents are in place with major Canadian financial institutions.

The maximum exposure to credit risk was:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Cash | **$ 387,909** | $ 839,882 |
| Investments | **149,473** | 39,190 |
| | **$ 537,382** | $ 879,072 |

**(b) Liquidity risk**

Liquidity risk represents the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through its capital structure and by continuously monitoring actual and projected cash flows. The Corporation finances its exploration activities through flow-through shares, operating cash flows and the utilization of its liquidity reserves.

The Board of Directors reviews and approves the Corporation’s operating and capital budgets, as well as any material transactions out of the ordinary course of business.

Contractual maturities of financial liabilities are as follows: payables and accruals, less than ninety days and related party liabilities, from future free cash flow.

**(c) Equity market risk**

Equity market risk is defined as the potential impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market.

The Corporation closely monitors the general trends in the stock market and individual equity movements, and determines the appropriate course of action to be taken.

The Corporation currently holds equity investments with a fair market value of $149,473 (December 31, 2023 - $39,190) and as result, a 10% increase or decrease would impact income and loss by $14,947 (December 31, 2023 - $3,919).

**(Expressed in Canadian Dollars)**

## 16. Financial Instruments (Continued)

### (d) Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| December 31, 2024 | Level 1 | Level 2 | Level 3 | Total financial assets at fair value |
|---|---|---|---|---|
| Financial assets | | | | |
| Cash | $ 387,909 | $ - | $ - | $ 387,909 |
| Investments | 149,473 | - | - | 149,473 |

| December 31, 2023 | Level 1 | Level 2 | Level 3 | Total financial assets at fair value |
|---|---|---|---|---|
| Financial assets | | | | |
| Cash | $ 839,882 | $ - | $ - | $ 839,882 |
| Investments | 39,190 | - | - | 39,190 |

There were no transfers between level 1, level 2 and level 3 during the year.

## 17. Risk Management

The Corporation is engaged primarily in mineral exploration and manages related industry risk issues directly. The Corporation may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

## 18. Commitments and Contingencies

The Corporation's operations are subject to governmental laws and regulations regarding environmental protection. The environmental consequences are difficult to identify and it is also a challenge to anticipate the impacts of deadlines.

At the year-end, management believes to the best of its knowledge that the Corporation is in conformity with all applicable laws and regulations. Restoration costs, if any, will be accrued in the financial statements and reflected in the statement of loss and comprehensive loss, if and when they can be reasonably estimated.