DIOS EXPLORATION INC.

Annual Financial Statements

as of December 31, 2023 and 2022

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Raymond Chabot
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Independent Auditor's Report

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To the Shareholders of
Dios Exploration Inc.

Opinion

We have audited the financial statements of Dios Exploration Inc. (hereafter "the Corporation"), which comprise the statements of financial position as at December 31, 2023 and 2022 , and the statements of comprehensive loss, the statements of changes in equity and the statements of cash flows for the years endend December 31, 2023 and 2022, and notes to 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, 2023 and 2022, and its financial performance and its cash flows in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (hereafter "IFRS Accounting Standards").

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 Corporation in accordance with the ethical requirements that are relevant to our audit 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.

Material uncertainty related to going concern

We draw attention to Note 2 to the financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the the Corporation’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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. In addition to the matter described in the "material uncertainly related to going concern" section of our report, we have determined that the matter described below is the key audit matter to be communicated in our auditor's report.

Assessment of impairment of exploration and evaluation assets

As described in Note 4 of the financial statements, all individual assets or cash-generating units are reviewed for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We have identified the assessment for impairment of exploration and evaluation assets as a key audit matter.

Why the matter was determined to be a key audit matter

The assessment for impairment of exploration and evaluation assets is significant to our audit, because the balance of $6,916,063 as at December 31, 2023 is material for the financial statements. In addition, management's assessment process is subjective and requires the use of judgments and assumptions, in particular, but not limited to:

- technical feasibility and assessment of commercial viability of extraction;
- the likelihood that expenses will be recovered through future exploitation of the property or disposal of the property when activities have not reached a sufficient stage to permit assessment of the existence of reserves;
- the Company's ability to obtain the necessary financing to complete exploration and development;
- renewal of permits.

How the matter was addressed in the audit

Our audit procedures related to the assessment of impairment of exploration and evaluation assets inclueded, among others things, of the following:

- We assessed management's appreciation of the facts and circumtances to determine wheter an indication of impairment was presented by inspecting the Corporation's communications, including minutes and press releasses and making request for information from management;

- We reviewed budgets to assess management's intention to pursue exploration and evaluation work;

- We inspected government records to determine if the mining rights on the properties were valid.

Information other than the financial statements and the auditor’s report thereon

Management is responsible for the other information. The other information comprises the information included in 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 identified above 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. 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 Accounting Standards, 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 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 on the audit resulting in this independent auditor's report is Alain Lemaire.

Raymond Chabot Grant Thornton LLP [1]

Val-d'Or
April 23, 2024

[1] CPA auditor, public accountancy permit no. A109964

DIOS EXPLORATION INC.
Statements of Financial Position

(in Canadian dollars)

	Notes	December 31, 2023	December 31, 2022
		$	$
ACTIF			
Current			
Cash	6	60 844	62 113
Term deposits (4.5 %;1.7 % to 4.1% in 2022), retractable and expiring in July 2024		310 685	879 009
Good and services tax receivable		11 626	90 436
Prepaid expenses		4 205	1 623
Tax credits receivable		-	112 784
		387 360	1 145 965
Non-current			
Fixed assets		515	1 089
Advances on exploration and evaluation assets		-	22 005
Exploration and evaluation assets	7	6 916 063	6 357 576
		6 916 578	6 380 670
Total assets		7 303 938	7 526 635
LIABILITIES			
Current			
Trade and other payables		48 301	119 737
Loan guaranteed by the Government of Canada	9	-	40 000
Provision for compensation	10	84 977	-
Other liabilities	11.1	66 342	195 000
Total liabilities		199 620	354 737
EQUITY			
Share Capital	11.1	24 786 494	24 774 569
Contributed surplus		3 211 473	3 162 164
Deficit		(20 893 649)	(20 764 835)
Total equity		7 104 318	7 171 898
Total liabilities and equity		7 303 938	7 526 635

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

These financial statements were approved and authorized by the Board of Directors on April 23, 2024.

(signed) Marie-José Girard	*(signed) Normand Payette*
Marie-José Girard	Normand Payette
Director	Director

DIOS EXPLORATION INC.
Statement of Comprehensive Loss
(in Canadian dollars)

	Notes	Years ended December 31, 2023	2022
		$	$
EXPENSES			
Provision for compensation	10	84 977	-
Employee benefits expenses	11.1	68 084	62 658
Professional fees		43 188	36 400
Consulting fees		33 101	33 366
Income taxes of section XII.6 and III.14		29 749	8 250
Trustees, registration fees and shareholders relations		27 630	28 168
Insurances, taxes and permits		11 265	10 365
Office expenses		11 114	6 193
Publicity, travel and promotion		6 237	1 724
Bank charges		609	636
Training		-	325
Exploration expenses (a)		-	22 724
Amortization of fixed assets		574	429
Reversal of a devaluation of exploration and evaluation assets	7	(30 000)	(30 000)
OPERATIONAL LOSS		286 528	181 238
OTHER REVENUES			
Financial income	13	29 057	19 280
LOSS BEFORE INCIME TAX		(257 471)	(161 958)
Deferred income taxes	16	128 657	372 715
NET REVENUE (NET LOSS) AND COMPREHENSIVE REVENUES (LOSS)		(128 814)	210 757
NET REVENUE (NET LOSS) PER SHARE- basic and diluted	15	(0.001)	0.002

(a) Net of tax credits and refundable duties in the amount of $1,846 in 2022.

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

DIOS EXPLORATION INC.
Statements of Changes in Equity

(in Canadian dollars)

	Notes	Share capital		Contributed surplus	Deficit	Total equity
		Number of shares	$	$	$	$
Balance at January 1st, 2022		114 707 066	24 319 569	3 109 812	(20 931 892)	6 497 489
Net revenue and comprehensive revenue		-	-	-	210 757	210 757
Share-based payments	12.2	-	-	52 352	-	52 352
Issuance cost of shares		-	-	-	(43 700)	(43 700)
Issuance of shares as part of a flow-through private placement	11.1	6 500 000	455 000	-	-	455 000
Balance at December 31, 2022		121 207 066	24 774 569	3 162 164	(20 764 835)	7 171 898

	Notes	Share capital		Contributed surplus	Deficit	Total equity
Balance at January 1st, 2023		121 207 066	24 774 569	3 162 164	(20 764 835)	7 171 898
Net loss and comprehensive loss		-	-	-	(128 814)	(128 814)
Share-based payments	12.2	-	-	53 734	-	53 734
Exercise of options	11.1	75 000	11 925	(4 425)	-	7 500
Balance at December 31, 2023		121 282 066	24 786 494	3 211 473	(20 893 649)	7 104 318

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

DIOS EXPLORATION INC.
Statements of Cash Flows

(in Canadian dollars)

	Notes	2023	2022
		Years ended December 31,	
		$	$
OPERATING ACTIVITIES			
Net revenue (net loss)		(128 814)	210 757
Adjustments			
Share-based payments		53 734	52 352
Provision for compensation	10	84 977	-
Reversal of a devaluation of exploration and evaluation assets	7	(30 000)	(30 000)
Financial income not cashed		(2 649)	(2 876)
Amortization of fixed assets		574	429
Deferred income taxes	16	(128 657)	(372 715)
Tax credits (a)		-	(1 846)
Change in working capital items	17	86 242	(58 261)
Cash flows uses in operating activities		(64 593)	(202 160)
INVESTING ACTIVITIES			
Additions to term deposit		(518 643)	(1 845 635)
Disposal of term deposit		1 089 615	1 070 864
Additions to fixed assets		-	(861)
Repayment (increase) of advance on exploration and evaluation assets		22 005	(22 005)
Addition to exploration and evaluation assets	7	(635 237)	(1 445 374)
Payment received on option		30 000	30 000
Tax credit received		112 784	516 296
Cash flows from(used) in investing activities		100 524	(1 696 715)
FINANCING ACTIVITIES			
Issuance of shares as part of a flow-through private placement	11.1	-	650 000
Exercise of options		7 500	-
Repayment of the guaranteed loan		(40 000)	-
Issuance cost of shares		(4 700)	(47 005)
Cash flow (used) from financing activities		(37 200)	602 995
Net change of cash		(1 269)	(1 295 880)
Cash, beginning of the year		62 113	1 357 993
Cash, end of the year		60 844	62 113
Supplementary information			
Interest received related to operating activities		26 409	16 404

For additionnal information on cash flow, see Note 17.

(a) Tax credits recognized in net income as a reduction of exploration expenses.

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

1. NATURE OF OPERATIONS

Dios Exploration Inc. (the “Company”) is a mining exploration and evaluation company with activities in Canada.

2. GOING CONCERN ASSUMPTION

The financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income or cash flows from its operations. As at December 31, 2023, the Company has a cumulated deficit of $20,893,649 ($20,764,835 as at December 31, 2022). These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. Management does not consider these adjustments, which could be significant, because it believes in the assumption of going concern.

3. GENERAL INFORMATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (hereinafter "IFRS accounting standards").

The Company is incorporated under the Canada Business Corporation Act. The address of the Company's registered office is 4076, Kensington Avenue, Montreal, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange, under the symbol "DOS".

4. MATERIAL ACCOUNTING POLICIES

4.1 Overall considerations

The accounting policies and measurement bases that have been applied in the preparation of these financial statements are summarized below

4.2 Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the Company's functional currency

4.3 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value adjusted for transaction costs, where appropriate.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

The classification of financial instruments under IFRS 9 is based on the entity's business model and the characteristics of the contractual cash flows of the financial asset or liability.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

Classification and subsequent measurement of financial assets

Financial assets are classified into the following categories

- at amortized cost;
- at fair value through profit or loss (FVTPL).

For the exercises considered, the Company does not hold any financial assets classified in the FVTPL categories.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within Finance costs or Finance income.

Subsequent measurement of financial assets

At amortized cost

Financial assets are measured at amortized cost if they meet the following conditions:

- they are held according to an economic model whose purpose is to hold financial assets in order to collect the contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that correspond solely to repayments of principa and interest payments on the principal outstanding.

After initial recognition, they are measured at amortized cost using the effective interest rate method. Discounting is omitted if its effect is not significant. Cash, term deposits and advances on exploration and evaluation assets are included in this category of financial instruments.

Depreciation of financial assets

The impairment provisions in IFRS 9 use the expected credit loss model.

The recognition of credit losses should consider a range of information for the assessment of credit risk and the assessment of expected credit losses, including: past events, current circumstances, reasonable and supportable forecasts that affect the expected collectability of future cash flows of the financial instrument.

The estimate of expected credit losses is determined at each reporting date to reflect changes in credit risk since the initial recognition of the related financial asset.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables, except salaries payable and income taxes of section XII.6 (the loan guaranteed by the Government of Canada was also part of this category of financial instruments on December 31, 2022).

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

Interest charges and, where applicable, changes in the fair value of an instrument recognized in net income are presented in financial expenses or in financial income.

4.4 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted loss per share is calculated by adjusting loss attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares which include options and warrants. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, at the date of issue of the potential ordinary shares.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.5 Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenses incurred and the refundable tax credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration and evaluation expenses incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

4.6 Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties, less refundable tax credits and credits on duties related to these expenses, are capitalized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts (see Note 4.7), the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to fixed assets in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment (See Note 4.7) and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated

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

Disposal of interest in connection with option agreement

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash consideration received directly from the acquirer is credited against the costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in profit or loss.

4.7 Impairment of exploration and evaluation assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, individual assets or cash-générating units are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.7 Impairment of exploration and evaluation assets (continued)

Impairment reviews for exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration of evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resources are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment charge is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.8 Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company’s operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company’s operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. As at December 31, 2023, a provision for compensation of $84,977 ($0 in 2022) was recorded. See note 10.

4.9 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.9 Income taxes (continued)

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.10 Equity

Share capital

Share capital represents the amount received on the issue of shares. If shares are issued when options or warrants are exercised, the share capital account also comprises the compensation costs or the fair value of warrants previously recorded as contributed surplus. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Units placements

Proceeds from units placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Flow-through placements

Issuance of flow-through units represents in substance an issue of ordinary shares, warrants and the sale of the right to tax deductions to the investors. When the flow-through units are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through units are allocated between share capital warrants issued and other liabilities using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and then to warrants according to the fair value of the warrants at the time of issuance and any residual in the proceeds is allocated to other liabilities. The liability component recorded initially on the issuance of shares is reversed on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and the Company has the intention to renounce its right to tax deductions to the investors, the amount recognized in other liabilities is reversed and is recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

Other elements of equity

Contributed surplus includes charges related to share options and warrants not exercised.

Deficit includes all current and prior period retained profits or losses and issuances costs of equity instruments, net of any underlying income tax benefit from these issuance costs.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.11 Equity-settled share-based payments

The Company operates equity-settled share-based payment plan for its eligible directors, employees and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except equity-settled share-based payments to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

4.12 Segmental reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors. The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

4.13 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from judgments, estimates and assumptions made by management and will seldom equal to the estimated results. Information on judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is presented below.

Significant management judgments

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exit in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (see Note 16).

(in Canadian dollars)

5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Significant management judgments (continued)

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year and to fund planned and contractual exploration programs, involves judgments based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases (see Note 4.7).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit, of which the asset belongs, must be determined.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available. For the years ended December 31, 2023 and 2022, no impairment was recorded

The properties have not been tested for impairment as the Company has the ability to retain them since it has sufficient financial resources to meet its short-term obligations and expenses are scheduled over the next years. The rights to prospect for these properties will not expired in the near future and work has been carried out over the past three years.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes valuation model (see Note 12.2).

Tax credits receivable

The calculation of the Company's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods. See Note 4.5 for more information.

6. CASH

	December 31, 2023	December 31, 2022
	$	$
Cash	60 844	62 113

Cash is comprised of a high interest account which bears interest at rates ranging from 2.8 % to 4.4 % (2.55 % to 3.65 % as of December 31, 2022).

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(in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

YEAR 2023

MINING RIGHTS	January 1st, 2023	Additions	december 31, 2023
QUEBEC	$	$	$
33 Carats (a)	157	(25)	132
LeCaron Lithium (b)	3 933	29 095	33 028
Lithium 33-AU33 (c)	193 542	15 132	208 674
14 Karats (d)	13 512	-	13 512
K2 (e)	62 061	5 610	67 671
Clarkie Est(f)	29 908	46 804	76 712
Lithium Nord (g)	-	26 584	26 584
Nemiscau Nord (h)	15 193	4 697	19 890
Pontax Nord (i)	4 368	1 190	5 558
	322 674	129 087	451 761

EXPLORATION	January 1st, 2023	Additions	December 31, 2023
QUEBEC	$	$	$
LeCaron Lithium (b)	-	73 850	73 850
Lithium 33-AU33 (c)	2 020 451	2 416	2 022 867
14 Karats (d)	42 836	-	42 836
K2 (e)	3 681 435	26 888	3 708 323
Clarkie Est (f)	290 180	147 916	438 096
Lithium Nord (g)	-	100 918	100 918
Nemiscau Nord (h)	-	67 611	67 611
Pontax Nord (i)	-	9 801	9 801
	6 034 902	429 400	6 464 302
TOTAL 2023	6 357 576	558 487	6 916 063

YEAR 2022

MINING RIGHTS	January 1st, 2022	Additions	December 31, 2022
QUÉBEC	$	$	$
33 Carats (a)	157	-	157
LeCaron Lithium (b)	3 933	-	3 933
Lithium 33-AU33 (c)	174 342	19 200	193 542
14 Karats (d)	11 912	1 600	13 512
K2 (e)	59 981	2 080	62 061
Clarkie Est (f)	29 908	-	29 908
Nemiscau Nord (h)	-	15 193	15 193
Pontax Nord (i)	-	4 368	4 368
	280 233	42 441	322 674

EXPLORATION	January 1st, 2022	Additions	Tax credits	December 31, 2022
QUÉBEC	$	$	$	$
Lithium 33-AU33 (c)	1 986 936	36 237	(2 722)	2 020 451
14 Karats (d)	38 497	4 692	(353)	42 836
K2 (e)	2 353 629	1 435 669	(107 863)	3 681 435
Clarkie Est(f)	290 180	-	-	290 180
	4 669 242	1 476 598	(110 938)	6 034 902
TOTAL 2022	4 949 475	1 519 039	(110 938)	6 357 576

Being adjacent properties, the Company merged the Lithium 33 and AU33 properties on January 1, 2023 to form the Lithium33-AU33 property.

7. EXPLORATION AND EVALUATION ASSETS (continued)

(a) 33 Carats

The 33 Carats property is located along the Eastmain River in the Monts Otish region of Quebec and is composed of one block (33A08) totaling 64 mining claims covering 34 square km.

On July 1, 2020, the Company signed an agreement with Northern Lights Minerals Pty Ltd "NLM" allowing the latter to acquire an interest in the 33 Carats property. NLM can obtain a 70% interest in this property over a five-year period with payments of $220,000, payment for mineral claim renewals on the property and exploration work totaling $1,400,000. Once the 70% interest is obtained, NLM will be able to obtain an additional 15% interest following NLM's preparation of a preliminary economic study of the property. The Company may subsequently choose to participate in the work or exchange its 15% interest in exchange for a 2% NSR royalty, half of which is redeemable for one million dollars. Upon signing, the Company received a sum of $30,000 from NLM. During the year ended December 31, 2020, an amount of $23,997 was recognized as a reduction of the Exploration and evaluation assets item and the balance of $6,003 was recognized as a gain on disposition of exploration and evaluation assets. During the years ended December 31, 2022 and 2023, the Company received for each of those years from NLM an amount of $30,000 which was recorded as a reversal of a write-down of exploration and evaluation assets . On December 2, 2021, Mont Royal Resources Ltd announced the acquisition of 75% of NLM including the option to acquire the 33 Carats property.

(b) LeCaron Lithium

The LeCaron property (33B05) is located near the Eastmain River, 10-25 km northeast of the Eastmain-1 hydroelectric power station in James Bay, Quebec. It is made up of 168 mining claims covering 82 square km.

(c) Lithium 33-AU33

The Lithium 33-AU33 (33C01) property is located near the Eastmain River, west of the Eastmain-1 hydroelectric power station in James Bay, Quebec. It is made up of 235 mining claims covering 121 square km.

(d) 14 Karats

The 14 Karats property (23D14) of 31 mining claims covers nearly 16 square km 50-75 km northeast of the Eastmain gold mine or 30-50 km east of the Stornoway diamond project (in Quebec).).

(e) K2

The K2 property (33C04-05 and 33D08) of 132 mining claims covers nearly 70 square km in James Bay in Quebec approximately 50 km west of road km 381 along the Radisson road.

(f) Clarkie Est

The Clarkie Est property (33B05-06) of 283 mining claims covers nearly 150 square km and is located near the Eastmain River, northeast of the Eastmain-1 hydroelectric power station in James Bay, Quebec.

(g) Lithium Nord

The Lithium Nord property is located between the Eastmain River and the Opinaca reservoir, approximately 15-30 km north of the road from the Eastmain 1 and Eastmain 1-A hydroelectric power station to James Bay in Quebec. It is made up of 155 mining claims covering 84 square km.

(h) Nemiscau Nord

The Nemiscau Nord property (32N15-16) is located near the Pontax River, north of the Cree Nation of Nemaska in James Bay, Quebec. It is made up of 262 mining claims covering 140 square km.

(i) Pontax Nord

The Pontax Nord property (32N14, 33C02-03) is located north of the Pontax River, south of km 381 in James Bay, Quebec. It is made up of 40 mining claims covering 21 square km.

(in Canadian dollars)

8. AUTHORIZED BANK DEBT

The Company has a credit agreement that is renegotiable annually. Under the agreement, funds are available in the form of a credit card. An amount of $75,000 is available at a rate of 9.44% (8.94% in 2022).

9. LOAN GUARANTEED BY THE GOVERNMENT OF CANADA

The Company benefited from a loan of $60,000 in 2020 under the Canadian Emergency Business Account program. As the Company repaid an amount of $40,000 of the loan before December 31, 2023, no other amount will be repayable. Since the government assistance of $20,000 received in 2020 is not repayable if the Company repays the amount of $40,000 before December 31, 2023, this amount was recognized in income at the time of granting as government assistance.

10. PROVISION FOR COMPENSATION

Under a flow-through financing agreement entered into with subscribers during 2022, the Company committed to spending $650,000 in exploration expenses in Canada ("CEE") before December 31, 2023. The Company incurred an amount of $428,856 on this date. Consequently, a balance of $221,144 in expenses renounced to investors was not incurred in CEE as of December 31, 2023. The reason for the work not carried out is due to forest fires which made access to the mining sites impossible during the spring-summer 2023 period. At the provincial level a request for an additional twelve months to carry out the missing exploration work was accepted on February 16, 2024 while at the federal level the same request was made but no response to date of the auditors' report. Amended renunciation forms have been filed with the federal tax authorities, which could result in the issuance of new assessment notices for affected subscribers for the 2022 tax year. In this regard, the Company has recorded, as of December 31, 2023, a provision of $84,977 as a provision for compensation and an expense of the same amount was recognized in the results.

11. EQUITY

11.1 Share capital

The share capital of the Company consists only of ordinary shares created in unlimited number, without par value. All shares are equally admissible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meeting of the Company.

(a) On December 21, 2022, the Company closed a flow-through private placement. A total amount of $650,000 was subscribed consisting in 6,500,000 flow-through shares at a price of $0.10. An amount of $455,000 was allocated to share capital, while an amount of $195,000 was recorded under Other liabilities in the statement of financial position. Issue costs were $43,700.

(b) During the financial year ending December 31, 2023, 75,000 stock options were exercised. An amount of $7,500 which was received and an amount of $4,425 representing the fair market value of the options at the time of issuance, were charged to contributed surplus.

11.2 Warrants

The outstanding warrants entitle their holders to subscribe for an equivalent number of ordinary shares as follows:

	December 31, 2023		December 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance, at beginning	9 340 000	0.20	9 340 000	0.20
Issued	-	-	-	-
Expired	(9 090 000)	0.20	-	-
Balance, at the end	250 000	0.10	9 340 000	0.20

The number of outstanding warrants exercisable in exchange for an equivalent number of ordinary shares is as follows:

	December 31, 2023		December 31, 2022	
Expiration date	Number of warrants	Exercise price	Number of warrants	Exercise price
		$		$
September 10,2023	-	-	9 090 000	0.10
August 12, 2026	250 000	0.10	250 000	0,10
	250 000	0.10	9 340 000	0.20

(in Canadian dollars)

12. EMPLOYEE REMUNERATION

12.1 Employee benefits expenses

	Years ended on December 31, 2023	2022
	$	$
Salaries and benefits	235 153	232 732
Share-based payments	53 734	52 352
	288 887	285 084
Less: salaries capitalized in exploration and evaluation assets	(220 803)	(222 426)
Employee benefits expenses	68 084	62 658

12.2 Share-based payments

The Company has adopted share-based payment plan under which members of the Board of Directors may award options for ordinary shares to directors, employees and consultants. The maximum number of shares issuable under the plans is 6,600,000. The maximum number of common shares which may be reserved for issuance to any one option may not exceed 5% of the common shares outstanding at the date of grant.

The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the ordinary shares on the day prior to the award, and the term of the options cannot exceed five years. The options vesting period is 18 month, at a rate of 15% per quarter, at the exception of 10% at grant, which may be exercised from the date of the grant. For the options granted to relation consultants, the options vest in stages over a period of 12 months after the grant, at the rate of 25 % per quarter.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options in cash. The Company's share options are as follows for the reporting periods presented:

	2023		2022	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
		$		$
Outstanding at the beginning	6 110 000	0,11	4 960 000	0,11
Granted	1 125 000	0,10	1 150 000	0,10
Exercised	(75 000)	0,10	-	-
Expired	(870 000)	0,10	-	-
Outstanding at the end	6 290 000	0,11	6 110 000	0,11
Exercisable at the end	5 300 000	0,11	5 247 500	0,11

The stock options were exercised on February 14, 2023 at a price of $0.10 when the share price on that date was $0.10.

The table below summarizes the information related to outstanding share options as at December 31, 2023 and 2022 :

Fourchette de prix	2023 Outstanding options		2022 Outstanding options	
$	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
From $ 0.10 to $ 0,12	6 290 000	2,66	6 110 000	2,80

On September 2, 2022, the Company granted 1,150,000 stock options to officers, members of staff and directors of the Company under its incentive option grant plan, at an exercise price of $0.10 per share. The options have a duration of five years and can vest gradually over a period of eighteen months.

(in Canadian dollars)

12. EMPLOYEE REMUNERATION (continued)

12.2 Share-based payments (continued)

On July 4, 2023, the Company granted 1,125,000 stock options to officers, members of staff and directors of the Company under its incentive option grant plan, at an exercise price of $0.10 per share. The options have a duration of five years and can vest gradually over a period of eighteen months.

The weighted fair value of the granted options of $0.06 per option granted ($0.03 for the year ended December 31, 2022) was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

	2023	2022
Share price at date of grant	$0,09	$0,045
Expected dividend	0 %	0 %
Expected volatility	110 %	119 %
Risk-free interest rate	3.74 %	3.28 %
Expected life	5 years	5 years
Exercise price at date of grant	0.10 $	0.10 $

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of five years. No special features inherent to the options granted were incorporated into measurement of fair value.

In all, an amount of $53,734 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) was included in profit or loss for the reporting period ended December 31, 2023 ($52,352 for the reporting period ended December 31, 2022) and credited to contributed surplus.

13. FINANCE INCOME

Finance income may be analyzed as follows for the reporting periods presented:

	Years ended December 31,	
	2023	2022
	$	$
Interest income from cash and term deposits	29 057	19 280

14. FAIR VALUE MEASUREMENT

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

– Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

– Level 3: unobservable inputs for the assets or liabilities.

The fair value of the loan guaranteed by the Government of Canada is $40,000 as of December 31, 2022, and is determined using the estimated market rate that the Company would have obtained for similar financing and is classified in Level 2.

(in Canadian dollars)

15. NET REVENUE (LOSS) PER SHARE

The calculation of basic revenue (loss) per share is based on the revenue (loss) for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted revenue (loss) per share, dilutive potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the revenue (increasing the loss) per share and would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 11.2 and 12.2.

	Years ended Decembre 31,	
	2023	2022
Net revenue (loss)	$ (128,814)	$ 210,757
Weighted average number of shares in circulation	121 273 025	114 938 573
Basic and diluted revenue (loss) per share	(0.001) $	0.002 $

16. INCOME TAXES

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the statement of comprehensive loss can be reconciled as follows:

	2023	2022
	$	$
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.5 % in 2023 and 2022	(45 711)	(42 919)
Adjustments for the following items:		
Share-based payments	14 240	13 873
Tax effect of issuance of flow-through shares	113 647	329 232
Recovery of liabilities related to flow-through shares	(128 657)	(372 715)
Other non-deductible expenses	1 466	(221)
Temporary difference unrecognized	(83 641)	(299 965)
Total deferred tax expense (income)	(128 656)	(372 715)

Major components of tax expense

Les composantes importantes du produit d'impôt se détaillent comme suit :

	2023	2022
	$	$
Deferred tax expense		
Origination and reversal of temporary differences	(30 005)	(29 267)
Tax effect of issuance of flow-through shares	113 647	329 232
Recovery of liabilities related to flow-through shares	(128 657)	(372 715)
Temporary difference unrecognized	(83 641)	(299 965)
Total deferred tax expense	(128 656)	(372 715)

(in Canadian dollars)

16. INCOME TAXES (continued)

Deferred tax assets and liabilities and variation of recognized amounts during the period

The following differences between the carrying amounts and tax bases from timing differences and unused tax losses give rise to the following recognized deferred income tax assets and liabilities, and the following unrecognized timing differences and unused tax losses and unused tax credits:

	Balance as at January 1st, 2023	Recognized in profit or loss	Balance as at December 31, 2023
Recognized amount	$	$	$
Exploration and evaluation assets	11 538	(11 457)	81
Fixed assets	(202)	121	(81)
Tax credits receivable	(11 336)	11 336	-
Recognized deferred income tax assets and liabilities	-	-	-
Recovery of liabilities related to flow-through shares		(128 657)	
Change in deferred income tax according the statement of comprehensive loss		(128 657)	

	Balance as at January 1st, 2022	Recognized in profit or loss	Balance as at December 31, 2023
Recognized amount	$	$	$
Exploration and evaluation assets	52 787	(41 249)	11 538
Fixes assets	(78)	(124)	(202)
Tax credits receivable	(52 709)	41 373	(11 336)
Recognized deferred income tax assets and liabilities	-	-	-
Recovery of liabilities related to flow-through shares		(372 715)	
Change in deferred income tax according the statement of comprehensive loss		(372 715)	

	December 31, 2023		December 31, 2022	
	Federal	Provincial	Federal	Provincial
	$	$	$	$
Deductible temporary differences and unused tax losses not recorded				
Exploration and evaluation assets	3 716 964	3 670 690	7 356 834	8 111 433
Non-capital losses	89 244	89 244	3 518 332	3 474 454
Capital losses	6 897 022	7 651 502	100 294	100 294
Share issuance costs	100 294	100 294	142 602	142 602
	10 803 524	11 511 730	11 118 062	11 828 783

The Company has non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recorded in the statement of financial position, that can be carried over the following years:

	Federal	Provincial
	$	$
2026	154 704	134 285
2027	223 465	216 912
2028	360 430	355 498
2029	310 138	307 026
2030	451 164	446 565
2031	409 826	408 612
2032	167 704	166 572
2033	146 574	146 218
2034	112 640	112 306
2035	99 490	98 713
2036	148 935	148 935
2037	139 012	138 739
2038	150 318	149 311
2039	151 390	151 526
2040	140 447	140 964
2041	167 747	167 779
2042	184 348	184 493
2043	198 632	196 236
	3 716 964	3 670 690

(in Canadian dollars)

16. INCOME TAXES (continued)

Accumulated capital losses of $200,588 ($200,588 in 2022) are available to be applied against future taxable capital gains. These losses may be carried forward indefinitely.

The Company has investment tax credits to receive for an amount of $771,293 that are not recognized. Those credits can be applied to reduce federal income tax and expire between 2027 and 2034.

17. ADDITIONAL INFORMATION – CASH FLOWS

The changes in working capital items are detailed as follows:

	Years ended december 31.	
	2023	2022
	$	$
Goods and services tax receivable	78 810	(86 047)
Prepaid expenses	(2 582)	(76)
Trade and other payables	10 014	27 862
	86 242	(58 261)

Non-cash transactions of the statement of financial position are detailed as follows :

	2023	2022
	$	$
Tax credits receivable applied against exploration and evaluation assets	-	110 938
Trade and other payables relating to exploration and evaluation assets	8 152	84 902
Trade and other payables relating to share issue costs	-	4 700

18. RELATED PARTY TRANSACTIONS

The Company's related parties include a related company and key management as described below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

18.1 Transactions with key management personnel

Key management personnel of the Company are the president, the chief financial officer, the vice president exploration and directors of the Company. Key management personnel remuneration includes the following expenses:

	Years ended December 31,	
	2023	2022
Short-term employee benefits	$	$
Salaries including bonuses and benefits	220 000	218 333
Employee benefits	15 153	14 399
Total short-term employee benefits	235 153	232 732
Consultation fees	33 101	33 366
Share-based payments	50 889	50 018
Total remuneration	319 143	316 116

During the financial year ended December 31, 2023, a company owned by a director of the Company invoiced fees of $3,803 relating to the management of the Company's website ($1,449 for the financial year ended December 31, 2022).

(in Canadian dollars)

19. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are :

1. To ensure the Company's ability to continue as a going concern;
2. To increase the value of the assets of the business; and
3. To provide an adequate return to shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work. See all the details in Notes 11.1 and 21.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

20. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short- to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The most significant financial risks to which the Company is exposed are described below.

20.1 Credit risk

Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	At december 31, 2023	At December, 2022
	$	$
Cash	60 844	62 113
Term deposits	310 685	879 009
Advances on exploration and evaluation	-	22 005
	371 529	963 127

The credit risk for cash and cash equivalents and term deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

20.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and term deposits and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

During the year, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through last years private and flow-through financings.

(in Canadian dollars)

20. FINANCIAL INSTRUMENT RISKS (continued)

20.2 Liquidity risk (continued)

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	At December 31, 2023	At december 31, 2022
	$	$
Within six months		
Trade and other payables	18 374	111 487
From 1 to 5 years		
Loan guaranteed by the Government of Canada	-	40 000
	18 374	151 487

The Company considers the cash flows that it expects to derive from financial assets in its assessment and management of liquidity risk, in particular, cash, term deposits, good and services tax receivable and tax credits receivable.

21. CONTINGENCIES AND COMMITMENTS

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

During the year ended December 31, 2022, the Company received an amount of $650,000 following flow-through investments for which it waived tax deductions on December 31, 2022, for the benefit of investors. Management had to spend these amounts before December 31, 2023. During the spring-summer 2023 period, access to our properties was impossible due to forest fires, which is why as of December 31, 2023 there was still a balance of $221,144 to spend in relation to these flow-through investments. See note 10.