XPLORE RESOURCES

XPLORE RESOURCES CORP.

Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2024 and 2023

(Unaudited – Expressed in Canadian Dollars)

XPLORE RESOURCES CORP.
December 31, 2024 and 2023

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Condensed Consolidated Interim Financial Statements

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIALSTATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

February 26, 2025

XPLORE RESOURCES CORP.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

		December 31, 2024		June 30, 2024
		(unaudited)		
Assets				
Current Assets				
Cash	$	11,343	$	435,621
Other receivables		12,486		91,924
Prepaid expenses		156,222		233,120
		180,051		760,665
Deposit		749,250		789,250
Exploration and Evaluation Assets (notes 8 and 10)		1,253,106		1,587,905
	$	2,182,407	$	3,137,820
Liabilities and Equity				
Current Liabilities				
Accounts payable and accrued liabilities (note 10)	$	180,896	$	134,125
		180,896		134,125
Equity				
Common Shares (note 11)		6,066,591		6,066,591
Share-based Payments Reserve (note 12)		249,276		274,299
Deficit		(4,314,356)		(3,337,195)
		2,001,511		3,003,695
	$	2,182,407	$	3,137,820

Going Concern (note 2)
Subsequent Events (note 14)

Approved on behalf of the board:

"Dominic Verdejo"	*"Richard Boulay"*
……………………………… Director	……………………………… Director
Dominic Verdejo	Richard Boulay

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

XPLORE RESOURCES CORP.

Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023	Six Months Ended December 31, 2024	Six Months Ended December 31, 2023
Expenses				
Consulting fees (note 10)	$ 69,000	$ 112,600	$ 281,000	$ 119,600
General and administrative	13,004	4,738	25,871	5,570
Impairment of exploration and evaluation assets (note 8)	515,728	-	515,728	-
Interest accretion (note 9)	-	25,644	-	25,644
Occupancy cost (note 10)	12,000	5,000	24,000	5,000
Professional fees (note 10)	38,569	76,490	83,318	85,490
Shareholder communication and promotion	28,324	6,758	69,611	7,108
Transfer agent and filing fees	837	11,834	3,754	12,213
	(677,462)	(243,064)	(1,003,282)	(260,625)
Other Item				
Interest income	117	-	1,098	-
Loss and Comprehensive Loss for the Period	$ (677,345)	$ (243,064)	$ (1,002,184)	$ (260,625)
Basic and Diluted Loss Per Share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	52,071,505	16,499,983	52,071,505	16,090,744

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

XPLORE RESOURCES CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited – Expressed in Canadian Dollars)

	Common Shares		Share-based		
	Number of Shares	Amount	Payments Reserve	Deficit	Total
Balance, June 30, 2023	**15,681,505**	**$ 2,386,810**	**$ 10,081**	**$ (1,511,126)**	**$ 885,765**
Shares issued for cash	7,530,000	753,000	-	-	753,000
Warrants issued	-	-	25,023	-	25,023
Loss and comprehensive loss for the period	-	-	-	(260,625)	(260,625)
Balance, December 31, 2023	**23,211,505**	**3,139,810**	**35,104**	**(1,771,751)**	**1,403,163**
Shares issued for cash	25,300,000	2,530,000	-	-	2,530,000
Share issuance costs	-	(62,519)	-	-	(62,519)
Shares issued for exploration and evaluation assets	3,560,000	459,300	-	-	459,300
Stock options granted	-	-	249,276	-	249,276
Stock options expired	-	-	(10,081)	10,081	-
Loss and comprehensive loss for the period	-	-	-	(1,575,525)	(1,575,525)
Balance, June 30, 2024	**52,071,505**	**6,066,591**	**274,299**	**(3,337,195)**	**3,003,695**
Warrants expired	-	-	(25,023)	25,023	-
Loss and comprehensive loss for the period	-	-	-	(1,002,184)	(1,002,184)
Balance, December 31, 2024	**52,071,505**	**$ 6,066,591**	**$ 249,276**	**$ (4,314,356)**	**$ 2,001,511**

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

XPLORE RESOURCES CORP.

Condensed Consolidated Interim Statements of Cash Flows
For the Six Months Ended December 31,
(Unaudited – Expressed in Canadian Dollars)

		2024		2023
Operating Activities				
Loss for the period	$	(1,002,184)	$	(260,625)
Items not affecting cash:				
Impairment of exploration and evaluation assets		515,728		-
Interest accretion		-		25,644
Changes in non-cash working capital				
Other receivables		79,438		(21,316)
Prepaid expenses		76,898		5,870
Accounts payable and accrued liabilities		32,629		102,898
Cash Used in Operating Activities		(297,491)		(147,529)
Investing Activities				
Exploration and evaluation asset expenditures		(166,787)		(56,200)
Exploration and evaluation deposits refunded, net		40,000		-
Cash Used in Investing Activities		(126,787)		(56,200)
Financing Activities				
Proceeds from issuance of common shares		-		753,000
Loan proceeds received		-		40,000
Cash Provided by Financing Activities		-		793,000
Inflow (outflow) of Cash		(424,278)		589,271
Cash, Beginning of Period		435,621		53,485
Cash, End of Period	$	11,343	$	642,756
Supplemental Disclosure with Respect to Cash Flows				
Income taxes paid	$	-	$	-
Interest paid	$	-	$	-
Non-cash Investing and Financing Activities				
Net increase in exploration and evaluation asset expenditures in accounts payable and accrued liabilities	$	14,142	$	60,000
Prepaid expenses used for acquisition of Baru Exploração Minerals Ltda.	$	-	$	30,000

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

1. NATURE OF OPERATIONS

Xplore Resources Corp. (the “Company”) was incorporated on February 24, 2017 pursuant to the *Business Corporations Act* of British Columbia. On October 30, 2017, the Company completed its initial public offering and the Company’s shares commenced trading on the TSX Venture Exchange (“TSX-V”) under the symbol XPLR. The Company’s principal business activities include the acquisition and exploration of mineral property assets located in Canada and Brazil. The Company’s head office and principal business address is 1615 – 200 Burrard Street, Vancouver, British Columbia, V6C 3L6. The Company’s registered and records office is 2501 – 550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

On October 24, 2023, the Company consolidated its common shares on the basis of one new share for every two and one-half pre-consolidation common shares. For all periods presented, common shares, warrants, stock options and any amounts for those instruments that are stated on a per-unit basis have been adjusted for the 2.5-for-1 share consolidation.

2. GOING CONCERN

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred a net loss of $1,002,184 for the six months ended December 31, 2024 and has an accumulated deficit of $4,314,356 at December 31, 2024. The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation (or “E&E”) assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company plans to maintain adequate cash flows by funding its operations by the sale of its E&E assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements. These adjustments could be material.

3. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

These condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 26, 2025.

3. BASIS OF PREPARTION – continued

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value. These condensed consolidated interim financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar, except where otherwise indicated.

c) Subsidiaries

These condensed consolidated interim financial statements include the accounts of the following entities:

Entity	Relationship	Percentage at December 31, 2024	Percentage at June 30, 2024
Xplore Resources Corp.	Parent	100%	100%
Xplore Resources Holdings Corp. (formerly Xplore Resources Corp.)	Subsidiary	100%	100%

The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

4. MATERIAL ACCOUNTING POLICIES

The policies applied in these condensed consolidated interim financial statements are consistent with policies disclosed in Note 4 of the consolidated financial statements for the year ended June 30, 2024, unless otherwise noted. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements as at June 30, 2024 and for the year then ended.

Accounting standard adopted during the period

Classification of liabilities as current or non-current (Amendments to IAS 1)

IAS 1 has been amended to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

These amendments to IAS 1 were adopted for the fiscal year beginning July 1, 2024. These amendments did not materially impact the Company.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – continued

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the year of the change if the change affects that year only, or in the year of the change and future years if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements within the next financial year are discussed below.

a) Title to mineral property interests

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

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the condensed consolidated interim financial statements.

a) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for E&E expenditures and impairment of the capitalized expenditures requires assumptions about future events or circumstances and whether it is likely that future economic benefits will flow to the Company. Estimates and assumptions made 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 year the new information becomes available. In the current year, estimates were involved in determining the carrying value of E&E assets. These estimates and the related uncertainty could impact the carrying value of E&E assets in the next year.

b) Fair value of stock options granted

The Company uses the Black-Scholes option pricing model to value the stock options granted during the period. The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

6. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The carrying values of accounts payable and accrued liabilities approximate their fair values due to the short term to maturity.

(Unaudited – Expressed in Canadian Dollars)

6. FINANCIAL RISK MANAGEMENT – continued

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (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.
Level 3: Inputs for assets or liabilities that are not based on observable market data.

The following table sets forth the Company's financial asset measured at fair value by level within the fair value hierarchy:

December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 11,343	$ -	$ -	$ 11,343

June 30, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 435,621	$ -	$ -	$ 435,621

There were no changes to the Company's risk exposures during the period ended December 31, 2024. The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its cash balance. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

The Company has minimal credit risk. The maximum exposure to credit risk at December 31, 2024 is the carrying value of cash of $11,343 (June 30, 2024 - $435,621).

b) 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. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The financial liabilities of the Company as of December 31, 2024 total $180,896 (June 30, 2024 - $134,125). Accounts payable are due within 30 days of the reporting date.

6. FINANCIAL RISK MANAGEMENT – continued

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) Currency risk – Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has no funds held in foreign currencies, and as a result, is not exposed to significant exchange risk on its financial instruments at period-end.

ii) Interest rate risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest earned on cash is at nominal interest rates. The Company does not consider interest rate risk to be significant.

iii) Other price risk – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is not exposed to significant other price risk.

d) Capital management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at December 31, 2024, the Company's shareholders' equity was $2,001,511 (June 30, 2024 - $3,003,695). The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues and cash flows since its inception, therefore, the Company is dependent on external financing to fund its business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's approach to capital management during the period ended December 31, 2024. The Company is not subject to externally imposed capital requirements.

7. ACQUISITION OF BARU EXPLORAÇÃO MINERAL LTDA. ("BARU")

On July 28, 2023, the Company completed the acquisition of 100% of the share capital of Baru, a Brazilian-based exploration company, for US$10,000 ($13,663) and the issuance of 200,000 common shares of the Company (issued during the year ended June 30, 2022 and valued at $30,000).

(Unaudited – Expressed in Canadian Dollars)

7. ACQUISITION OF BARU EXPLORAÇÃO MINERLA LTDA. – continued

Management has concluded that the transaction will be accounted for as an asset acquisition and not as a business combination, as based on the stage of the properties, it does not meet the definition of a business pursuant to IFRS 3 *Business Combinations*.

The fair values of identifiable assets and liabilities as at the date of acquisition were:

Consideration		
Cash	$	13,663
Equity (200,000 common shares)		30,000
	$	43,663

		Fair value
Recognized amounts of identifiable assets acquired and liabilities assumed		
Financial assets	$	-
Financial liabilities		-
		-
Exploration and evaluation assets on acquisition		43,663
	$	43,663

On May 31, 2024, the subsidiary was wound up and for the year ended June 30, 2024, the Company recognized an impairment on its Brazil Properties as disclosed in note 8(d).

8. EXPLORATION AND EVALUATION ASSETS

a) Surge Root Project

Surge

On February 18, 2022, the Company entered into an agreement to earn a 100% interest in the Surge property, located in the Patricia Mining District in Ontario. Under the terms of the agreement, the Company must make payments as follows:

- Cash payment of $20,000 (paid) and issuance of 160,000 common shares of the Company (issued and valued at $20,000) on signing of the agreement;
- Cash payment of $25,000 on or before February 18, 2023 (paid);
- Cash payment of $5,000 for extending the February 18, 2023 payment date to May 15, 2023 (paid);
- Cash payment of $30,000 on or before February 18, 2024 (paid); and
- Cash payment of $35,000 on or before February 18, 2025 (paid subsequent to December 31, 2024).

The Company was also required to incur exploration expenditures of $60,000 on or before February 18, 2023 (incurred).

The vendors retain a 1.5% net smelter return royalty ("NSR") on the property. The Company may purchase one-third of the NSR (0.5%) for $800,000.

8. EXPLORATION AND EVALUATION ASSETS – continued

a) Surge Root Project – continued

Surge Extension

On November 30, 2023, the Company entered into an agreement to acquire additional claims for $9,500. The vendor of the additional claims retains a 1.5% NSR on the additional claims. The Company may purchase one-third of the NSR (0.5%) for $500,000.

Root Bay North

On December 22, 2023, the Company entered into an agreement to earn a 100% interest in the Root Bay North property. Under the terms of the agreement, the Company must make payments as follows:

- Cash payment of $9,000 (paid);
- Issuance of 300,000 common shares of the Company (issued and valued at $42,000) within five business days of TSX-V approval;
- Cash payment of $15,000 on or before December 22, 2024 (paid subsequent to December 31, 2024);
- Cash payment of $21,000 on or before December 22, 2025; and
- Cash payment of $30,000 on or before December 22, 2026.

The vendors retain a 1.5% NSR on the property. The Company may purchase one-third of the NSR (0.5%) for $500,000.

Root Falls

On December 22, 2023, the Company entered into an agreement to earn a 100% interest in the Root Falls property. Under the terms of the agreement, the Company must make payments as follows:

- Cash payment of $12,000 (paid);
- Issuance of 600,000 common shares of the Company (issued and valued at $84,000) within five business days of TSX-V approval;
- Cash payment of $18,000 on or before December 22, 2024 (paid subsequent to December 31, 2024);
- Cash payment of $21,000 on or before December 22, 2025; and
- Cash payment of $36,000 on or before December 22, 2026.

The vendors retain a 1.5% NSR on the property. The Company may purchase one-third of the NSR (0.5%) for $600,000.

Surge North

On June 5, 2024, the Company entered into an agreement to earn a 100% interest in the Surge North property. Under the terms of the agreement, the Company must make payments as follows:

- Cash payment of $75,000 (paid); and
- Issuance of 1,500,000 common shares of the Company (issued and valued at $180,000).

The vendors retain a 2% NSR on the property. The Company may purchase one-half of the NSR (1%) for $750,000.

8. EXPLORATION AND EVALUATION ASSETS – continued

a) Surge Root Project – continued

Root Lake South

On May 30, 2024, the Company entered into an assignment agreement to earn 100% of the rights, titles, benefits and interest in, to and under an option agreement dated December 20, 2022 between optionors and an optionee. Under the terms of the assignment agreement, the Company must make a payment of $200,000 (paid) to the assignor. Under the terms of the option agreement, the Company must make payments to the optionors as follows:

- Cash payment of $29,000 (paid);
- Issuance of 260,000 common shares of the Company (issued and valued at $27,300) within seven calendar days of TSX-V approval; and
- Cash payment of $38,500 (paid subsequent to December 31, 2024) and issuance of 530,000 common shares of the Company (issued subsequent to December 31, 2024) on or before January 11, 2025.

The vendors retain a 2% NSR on the property. The Company may purchase one-half of the NSR (1%) for $1,000,000. The assignor of the Root Lake South property is related by a common officer.

b) Perrigo Lake Property

On August 13, 2021, the Company entered into an agreement to earn a 100% interest in the Perrigo Lake property, located in the Red Lake Mining Division in Ontario. Under the terms of the agreement, the Company must make payments as follows:

- Cash payment of $18,000 on signing of the agreement (paid);
- Issuance of 48,000 common shares of the Company (issued and valued at $9,000) within five days of TSX-V approval;
- Cash payment of $20,000 (paid) and issuance of 48,000 common shares of the Company (issued and valued at $6,000) on or before September 9, 2022;
- Cash payment of $28,000 (paid) on or before September 9, 2023; and
- Cash payment of $30,000 (paid) on or before September 9, 2024.

The vendors retain a 1.75% NSR on the property. The Company may purchase a portion of the NSR (0.5% of the 1.75%) for $600,000. The remaining 1.25% NSR is subject to a pre-existing agreement with an arm's length third party.

During the year ended June 30, 2024, the Company staked 12 additional claims for the Perrigo Lake property.

During the six months ended December 31, 2024, the Company recorded an impairment charge of $239,728, as the property claims lapsed subsequent to December 31, 2024.

c) Valk Property

On March 31, 2019, the Company finalized an asset purchase agreement to acquire a 100% interest in the Valk property, located in the Nanaimo Mining Division in British Columbia. The agreement was amended on February 7, 2020 and subsequently on November 2, 2020.

8. EXPLORATION AND EVALUATION ASSETS – continued

c) Valk Property – continued

The Company acquired a 100% interest in the property by making the following cash payments and share issuances:

- Cash payment of $50,000 (paid in September 2019);
- Cash payment of $100,000 (paid in November 2020);
- Issuance of 600,000 common shares of the Company (issued in September 2019); and
- Issuance of 400,000 common shares of the Company (issued in November 2020).

The Company entered into a finder's fee agreement on February 13, 2019, which was further amended on October 26, 2020 (the "Finder's Agreement"). Pursuant to this Finder's Agreement, the Company made a payment of $5,000 cash, issued 60,000 common shares (issued in September 2019) and made a final payment of $5,000 cash (paid in November 2020).

The Company has granted a 2% NSR, which is effective on all future production from the Valk property. The Company may repurchase one-half of the NSR (1%) for $1,500,000.

During the year ended June 30, 2024, the Company recorded impairment of $553,216 on the property.

d) Brazil Properties

On December 1, 2021, the Company agreed to acquire 100% of the issued and outstanding shares of Baru, a Brazilian-based exploration company, for US$10,000 and the issuance of 200,000 common shares of the Company (issued as at June 30, 2022). The transaction closed on July 28, 2023, see note 7.

Pompeia East

On September 4, 2020, Baru acquired through staking three tenements within the Ouro Preto district, Minas Gerais, Brazil. The tenements are collectively known as the Pompeia East Properties.

Energia

On September 22, 2022, Baru acquired through staking four tenements within the Eastern Brazilian Pegmatite province, Minas Gerais, Brazil. The tenements are collectively known as the Energia Lithium Properties.

Borborema

On December 6, 2022, Baru acquired through staking seven tenements within the Borborema Pegmatite province, Rio Grande do Norte, Brazil. The tenements are collectively known as the Borborema Lithium Properties.

Exploration costs of $45,385 incurred in fiscal 2023 relating to the Brazil properties were expensed to pre-E&E costs.

On May 31, 2024, the subsidiary was wound up and the Company recorded impairment of $99,102 on the property during the year ended June 30, 2024.

8. EXPLORATION AND EVALUATION ASSETS – continued

e) Raggy Creek, Aerial Lake and Cathy Creek Properties

On December 22, 2023, the Company entered into an agreement to earn a 100% interest in the Raggy Creek, Aerial Lake and Cathy Creek properties. Under the terms of the agreement, the Company must make payments as follows:

- Cash payment of $30,000 (paid);
- Issuance of 900,000 common shares of the Company (issued and valued at $126,000) within five business days of TSX-V approval;
- Cash payment of $36,000 on or before December 22, 2024;
- Cash payment of $54,000 on or before December 22, 2025; and
- Cash payment of $84,000 on or before December 22, 2026.

The vendors retain a 1.5% NSR on the property. The Company may purchase one-third of the NSR (0.5%) for $500,000.

On November 29, 2024, the Company terminated the option agreement and recorded an impairment charge of $276,000 during the six months ended December 31, 2024.

(Unaudited – Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS – continued

The Company has incurred the following acquisition and exploration expenditures as at December 31, 2024 and June 30, 2024:

	Surge Root Project	Perrigo Lake	Raggy Creek, Ariel Lake and Cathy Lake	Valk Project	Brazil Properties	Total
Acquisition Costs						
Balance, June 30, 2023	**$ 72,500**	**$ 53,000**	**$ -**	**$ 342,500**	**$ -**	**$ 468,000**
Cash payments	364,500	28,000	30,000	-	-	422,500
Shares issued for exploration and evaluation assets	333,300	-	126,000	-	-	459,300
Acquisition of Baru	-	-	-	-	43,663	43,663
Claim costs	-	65,400	-	-	5,037	70,437
Impairment	-	-	-	(342,500)	(48,700)	(391,200)
Balance, June 30, 2024	**770,300**	**146,400**	**156,000**	**-**	**-**	**1,072,700**
Cash payments	33,000	30,000	-	-	-	63,000
Impairment	-	(176,400)	(156,000)	-	-	(332,400)
Balance, December 31, 2024	**$ 803,300**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 803,300**
Exploration Costs						
Balance, June 30, 2023	**$ 88,027**	**$ 48,238**	**$ -**	**$ 210,716**	**$ -**	**$ 346,981**
Geophysics	-	2,590	105,000	-	-	107,590
Geological	216,750	-	15,000	-	50,402	282,152
Other	39,600	-	-	-	-	39,600
Impairment	-	-	-	(210,716)	(50,402)	(261,118)
Balance, June 30, 2024	**344,377**	**50,828**	**120,000**	**-**	**-**	**515,205**
Geological	99,129	12,500	-	-	-	111,629
Other	6,300	-	-	-	-	6,300
Impairment	-	(63,328)	(120,000)	-	-	(183,328)
Balance, December 31, 2024	**$ 449,806**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 449,806**
Total exploration and evaluation assets as at June 30, 2024	**$ 1,114,677**	**$ 197,228**	**$ 276,000**	**$ -**	**$ -**	**$ 1,587,905**
Total exploration and evaluation assets as at December 31, 2024	**$ 1,253,106**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,253,106**

(Unaudited – Expressed in Canadian Dollars)

9. LOAN PAYABLE

On September 18, 2023, the Company entered into a bridge loan agreement with an arm's length private company to borrow up to $40,000. The loan is unsecured and bears interest at a rate of 10% per annum. The maturity of the loan is the earlier of i) March 18, 2024; and ii) the date the Company closes a financing resulting in gross proceeds equal to or greater than $1,000,000.

In connection with the bridge loan agreement, the Company issued 320,000 non-transferable warrants on October 20, 2023 to the lender. Each warrant entitles the holder to acquire one common share in the capital of the Company at a price of $0.125 until October 20, 2024. The warrants qualify as a loan bonus under the policies of the TSX-V.

The Company allocated the proceeds of the loan on a pro-rata basis using a fair value of $64,536 for the warrants and a fair value of $38,625 for the loan. The fair value of the warrants was estimated using the Black-Scholes option pricing model with a volatility of 157%, risk-free interest rate of 5.18%, dividend rate of 0% and expected life of 1 year. The discount rate used for the fair value of the loan was 20%.

A summary of the Company's loan payable balance as at December 31, 2024 and June 30, 2024 is as follows:

	December 31, 2024	June 30, 2024
Opening balance	$ -	$ -
Advances received	-	40,000
Fair value allocated to warrants	-	(25,023)
Interest accretion	-	25,644
Repayments	-	(40,621)
Closing balance	$ -	$ -

10. RELATED PARTY TRANSACTIONS

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

Key management personnel include the directors, chief executive officer and chief financial officer, who have the authority and responsibility for planning, directing and controlling the activities of the Company.

(Unaudited – Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS – continued

These amounts of key management compensation are included in the amounts shown in profit or loss for the six months ended December 31, 2024 and 2023:

	Six Months Ended December 31, 2024	Six Months Ended December 31, 2023
Short-term compensation		
Consulting fees	$ 25,000	$ 37,500
Exploration and evaluation asset expenditures	60,000	7,500
Professional fees	30,000	5,000
	$ 115,000	$ 50,000

As at December 31, 2024, the Company has outstanding amounts payable to officers and directors of the Company of $68,460 (June 30, 2024 - $2,625).

During the six months ended December 31, 2024, the Company paid $24,000 (2023 - $nil) in occupancy cost to a company with a common officer.

During the year ended June 30, 2024, the Company entered into an assignment agreement for the Root Lake South property with a company with a common officer (note 8(a)).

11. SHAREHOLDERS' EQUITY

a) Authorized

An unlimited number of common shares without par value.

b) Issued and outstanding

During the six months ended December 31, 2024:

There were no share capital transactions during the six months ended December 31, 2024.

During the year ended June 30, 2024:

On December 21, 2023 and January 2, 2024, the Company closed a non-brokered private placement in two tranches totaling 11,780,000 units at a price of $0.10 per unit for gross proceeds of $1,178,000. Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable into one additional common share at a price of $0.15 for a period of two years from closing. The Company incurred share issuance costs of $32,759.

On January 25, 2024, the Company issued 300,000 common shares valued at $42,000 as part of the Surge Root Project – Root Bay North agreement (note 8(a)), 600,000 common shares valued at $84,000 as part of the Surge Root Project – Root Falls agreement (note 8(a)), and 900,000 common shares valued at $126,000 as part of the Raggy Creek, Aerial Lake and Cathy Creek properties agreement (note 8(e)).

(Unaudited – Expressed in Canadian Dollars)

11. SHAREHOLDERS' EQUITY – continued

b) Issued and outstanding – continued

During the year ended June 30, 2024: – continued

On May 9, 2024, the Company closed a non-brokered private placement totaling 21,050,000 units at a price of $0.10 per unit for gross proceeds of $2,105,000. Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable into one additional common share at a price of $0.15 for a period of two years from closing. The Company incurred share issuance costs of $29,760.

On June 18, 2024, the Company issued 1,500,000 common shares valued at $180,000 as part of the Surge Root Project – Surge North agreement (note 8(a)).

On June 25, 2024, the Company issued 260,000 common shares valued at $27,300 as part of the Surge Root Project – Root Lake South agreement (note 8(a)).

c) Warrants

A summary of the Company's outstanding and exercisable warrants as at December 31, 2024 and June 30, 2024 are as follows:

	Six Months Ended December 31, 2024		**Year Ended June 30, 2024**	
	Number of Warrants	Weighted Average Exercise Price $	Number of Warrants	Weighted Average Exercise Price $
Balance, beginning of period	33,150,000	0.15	3,432,000	0.38
Issued	-	-	33,150,000	0.15
Expired	(320,000)	0.13	(3,432,000)	0.38
Balance, end of period	32,830,000	0.15	33,150,000	0.15

The following warrants were outstanding and exercisable at December 31, 2024:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price $	Warrants
December 21, 2025	0.97	0.15	7,530,000
January 2, 2026	1.01	0.15	4,250,000
May 9, 2026	1.35	0.15	21,050,000
	1.22	0.15	32,830,000

(Unaudited – Expressed in Canadian Dollars)

12. SHARE-BASED PAYMENTS

Stock options

The Company has adopted a rolling incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan"), which provides that the board of directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed 10% of the then issued and outstanding common shares. The options will be exercisable for a period of up to ten years. In addition, the number of common shares reserved for issuance to any one person shall not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed 2% of the issued and outstanding common shares. The board of directors will determine the price per common share and the number of common shares that may be allocated to each director, officer, employee and consultant, and all other terms and conditions of the option, subject to the rules of the TSX-V.

A summary of the Company's outstanding and exercisable stock options as at December 31, 2024 and June 30, 2024 are as follows:

	Six Months Ended December 31, 2024		**Year Ended June 30, 2024**	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance, beginning of period	2,300,000	0.15	720,000	0.25
Granted	-	-	2,300,000	0.15
Expired	-	-	(720,000)	0.25
Balance, end of period	2,300,000	0.15	2,300,000	0.15

Stock options outstanding and exercisable as at December 31, 2024 are as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price $	Stock Options
January 19, 2027	2.05	0.15	2,300,000

13. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration and development. All assets are located in Canada.

14. SUBSEQUENT EVENTS

a) On January 24, 2025, the Company issued 530,000 common shares for the Root Lake South property (Note 8(a)).

b) Subsequent to December 31, 2024, the Company made cash payments on the Surge, Root Bay North, Root Falls and Root Lake South properties (Note 8(a)).