CONSOLIDATED FINANCIAL STATEMENTS

For the years ended
December 31, 2024 and 2023

Expressed in Canadian Dollars, unless otherwise noted

OCEANIC
IRON ORE CORP

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Oceanic Iron Ore Corp.

Opinion

We have audited the consolidated financial statements of Oceanic Iron Ore Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 1 in the consolidated financial statements, which indicates that the Company had no revenues, and had negative cash flows from operations during the year ended December 31, 2024 and, as of that date, the Company had a working capital deficit of $8,404,472 and an accumulated deficit of $38,549,071. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of the independent auditor's report, we have determined in the following matter described below to be a key audit matter to be communicated in our independent auditor's report:

<u>Fair value of convertible debentures</u>

Description of the matter

As at December 31, 2024, the Company recorded a carrying value of convertible debentures of $9,125,047, which is comprised of the carrying value of the convertible debenture, deferred loss on the inception of the convertible debenture, and the fair value of the conversion feature.

Why the matter is a key audit matter

The determination of the carrying value of the Company's convertible debenture is based on inputs and assumptions from management that could impact the carrying value of the convertible debenture, including the discount rate, and the classification of the beneficial conversion feature as a debt instrument in accordance with IFRS 9.

How the matter was addressed in the audit

The audit procedures that were performed on the key audit matter included, but was not limited, to the following:

- assessment of the use of the appropriate discount rate used by management to ensure it is an acceptable range for the Company;
- recalculation of the fair value of the beneficial conversion feature that was prepared by management;
- independent confirmation of convertible debenture balances with debenture holders, including vouching of new convertible debentures to signed agreements and receipt of proceeds; and
- testing the Company's ability and intent to continue exploration activities on each individual project.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of 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 Henry Chow.

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 24, 2025

Oceanic Iron Ore Corp.
Consolidated Statements of Financial Position
As at December 31, 2024 and 2023

	Notes	**As at December 31, 2024**	As at December 31, 2023
Assets			
Current			
Cash		**$ 1,420,984**	$ 269,513
Receivables		**21,027**	6,319
Prepaid expenses and deposits		**2,057**	13,552
		1,444,068	289,384
Mineral properties	*5*	**44,899,434**	44,453,858
Total assets		**$ 46,343,502**	$ 44,743,242
Liabilities			
Current			
Accounts payable and accrued liabilities		**$ 257,674**	$ 343,279
Due to related parties	*10*	**249,069**	475,690
Current portion of advance royalty payable	*5*	**216,750**	219,529
Convertible debentures	*6*	**9,125,047**	3,449,747
		9,848,540	4,488,245
Non-current portion of advance royalty payable	*5*	**416,283**	423,652
Total liabilities		**10,264,823**	4,911,897
Shareholders' equity			
Share capital	*7*	**63,162,558**	62,367,906
Reserves	*7*	**11,465,192**	11,334,926
Deficit		**(38,549,071)**	(33,871,487)
Total shareholders' equity		**36,078,679**	39,831,345
Total liabilities and shareholders equity		**$ 46,343,502**	$ 44,743,242
Nature of operations and going concern	*1*		
Commitments	*9*		
Subsequent events	*13*		

Approved by the Board:

" Steven Dean " Director

" Gordon Keep " Director

Oceanic Iron Ore Corp.

Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
For the years ended December 31, 2024 and 2023

	Notes	Year ended December 31, 2024	Year ended December 31, 2023
Expenses			
Consulting and management fees	*10*	**$ 320,163**	$ 303,645
Directors' fees	*10*	**30,000**	30,000
Insurance		**18,220**	25,481
Office and general		**22,530**	25,470
Professional fees		**102,661**	33,161
Rent		**10,670**	10,670
Share-based compensation	*7b, 7c, 10*	**167,579**	109,270
Transfer agent and regulatory		**32,973**	33,439
Loss from operations		**(704,796)**	(571,136)
Other (expenses) income			
(Loss) gain on change in fair value of derivative liabilities	*6*	**(3,274,558)**	1,162,015
Convertible debenture accretion expense	*6*	**(698,230)**	(539,281)
Total other (expenses) income		**(3,972,788)**	622,734
Net (loss) income and comprehensive (loss) income		**$ (4,677,584)**	$ 51,598
Net (loss) income per common share			
Basic and Diluted		**$ (0.04)**	$ 0.00
Weighted average number of common shares outstanding			
Basic and Diluted		**110,147,248**	103,263,539

Oceanic Iron Ore Corp.

Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2024 and 2023

	Notes	Shares		Share capital		Reserves		Deficit		Total equity
Balance - January 1, 2024		**106,517,653**	**$**	**62,367,906**	**$**	**11,334,926**	**$**	**(33,871,487)**	**$**	**39,831,345**
Exercise of warrants	*7d*	595,000		41,650		-		-		41,650
Exercise of stock options	*7c*	510,000		85,163		(37,313)		-		47,850
Share-based payments - stock options and RSUs	*7b, 7c*	-		-		167,579		-		167,579
Shares issued on settled debenture interest	*6*	5,566,038		515,349		-		-		515,349
Shares issued on redemption of convertible debenture	*6*	1,146,000		152,490		-		-		152,490
Net loss for the year		-		-		-		(4,677,584)		(4,677,584)
Balance - December 31, 2024		**114,334,691**	**$**	**63,162,558**	**$**	**11,465,192**	**$**	**(38,549,071)**	**$**	**36,078,679**

		Shares		Share capital		Reserves		Deficit		Total equity
Balance - January 1, 2023		**99,727,021**	**$**	**61,886,678**	**$**	**11,243,969**	**$**	**(33,923,085)**	**$**	**39,207,562**
Share-based payments - stock options	*7c*	-		-		109,270		-		109,270
Shares issued on settled restricted share units	*7b*	227,491		18,313		(18,313)		-		-
Shares issued on settled debenture interest	*6*	5,195,010		372,915		-		-		372,915
Shares issued on redemption of convertible debenture	*6*	214,285		15,000		-		-		15,000
Shares issued on settlement of advance royalty payment	*5*	1,153,846		75,000		-		-		75,000
Net income for the year		-		-		-		51,598		51,598
Balance - December 31, 2023		**106,517,653**	**$**	**62,367,906**	**$**	**11,334,926**	**$**	**(33,871,487)**	**$**	**39,831,345**

Oceanic Iron Ore Corp.

Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023

	Notes	Year ended December 31, 2024	Year ended December 31, 2023
Operating activities			
Net (loss) income		$ **(4,677,584)**	$ 51,598
Adjustments for:			
Share-based payments	*7b, 7c*	**167,579**	109,270
Loss (gain) on change in fair value of derivative liabilities	*6*	**3,274,558**	(1,162,015)
Convertible debenture accretion expense	*6*	**698,230**	539,281
Net changes in non-cash working capital balances:			
Receivables		**(9,487)**	(212)
Prepaid expenses and deposits		**4,891**	(607)
Accounts payable and accrued liabilities		**(29,036)**	(46,984)
Due to related parties		**(226,621)**	278,541
Cash used in operating activities		$ **(797,470)**	$ (231,128)
Investing activities			
Mineral property expenditures	*5*	**(250,808)**	(87,177)
Cash used in investing activities		**(250,808)**	(87,177)
Financing activities			
Proceeds from exercise of stock options	*7c*	**47,850**	-
Proceeds from exercise of warrants	*7d*	**41,650**	-
Proceeds from convertible debentures	*6*	**2,385,000**	-
Transaction costs on convertible debentures	*6*	**(74,751)**	-
Payment of advance royalty payable	*5*	**(200,000)**	(75,000)
Cash from financing activities		**2,199,749**	(75,000)
Change in cash		**1,151,471**	(393,305)
Cash, beginning of year		**269,513**	662,818
Cash, end of year		$ **1,420,984**	$ 269,513

Non-cash investing and financing activities		
Accretion of advance royalty payable	**111,576**	123,752
Recognition of additional advance royalty payable	**78,277**	76,678
Conversion of convertible debenture principal	**152,490**	15,000
Shares issued on settlement of convertible debenture interest	**515,349**	372,915
Transaction costs on convertible debentures within accounts payable	**58,049**	49,597
Transaction costs recovery on convertible debentures	**(60,102)**	-
Reclassification of reserves from exercise of stock options	**37,313**	-
Payment of advance royalty payable in shares	**-**	75,000
Issuance of common shares for settlement of restricted share units	**-**	18,313

1. NATURE OF OPERATIONS AND GOING CONCERN

Oceanic Iron Ore Corp. (“Oceanic” or the “Company”) is an exploration-stage company engaged in the acquisition and exploration of iron ore properties in Québec, Canada. The Company was incorporated on March 8, 1986 under the British Columbia Business Corporations Act. The Company maintains its head office at 595 Burrard Street, Suite 3083, Vancouver, British Columbia. The Company’s registered/records office is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia. Its common shares are traded on the TSX Venture Exchange under the symbol “FEO”. The Company acquired a 100% interest in certain mining claims (the “Property”) located near Ungava Bay, Québec, Canada, in November 2010. The Company is currently conducting exploration activities on the Property. The Property comprises three project areas: Hopes Advance (or the “Hopes Advance Project”), Morgan Lake and Roberts Lake, which cover over 36,040 hectares and 861 claim cells with iron formation and are located within 20 to 50 km from tidewater. The Company operates as a single reportable segment, being the exploration of the Property. All of the Company’s non-current assets are located in Canada.

While these consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events result in a material uncertainty casting significant doubt on the validity of this assumption. For the year ended December 31, 2024, the Company had no revenues and had negative cash flows from operations. As at December 31, 2024, the Company had an accumulated deficit of $38,549,071 and a working capital deficit of $8,404,472.

The Company’s ability to continue on a going concern basis for and beyond the next twelve months depends on its ability to negotiate an extension to the maturity of its Series C Debentures (with a face value of $1,477,558 and currently maturing on March 10, 2026) or to successfully raise additional financing for continued operations, the necessary capital expenditures required, and to service its current obligations. The Company continues to pursue a number of options to improve its financial capacity, including securing a strategic partner to further advance the Hopes Advance Project. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate, and the impact of such adjustments could be material.

2. BASIS OF PREPARATION

These audited consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The accounting policies followed in these consolidated financial statements have been consistently applied in all periods presented. These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its inactive wholly-owned subsidiary. Certain prior period amounts have been reclassified to conform to the presentation in the current period. These consolidated financial statements include the accounts of the Company and its inactive subsidiary incorporated in Canada. These consolidated financial statements were approved by the Board of Directors on April 24, 2025.

3. MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of issuance that are readily convertible into cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Earnings (loss) per share

The basic earnings (loss) per share is computed by dividing the earnings by the weighted average number of common shares outstanding during the period.

Provided that they are not anti-dilutive, the diluted earnings per share reflects the potential dilution of common share equivalents, such as convertible debentures, outstanding stock options, restricted share units, and share purchase warrants, in the weighted average number of common shares outstanding during the year, if exercised. For this purpose, the treasury stock method is used whereby the assumed proceeds upon the exercise of stock options and warrants are assumed to be used to purchase common shares at the average market price during the period.

Share issue costs

Share issue costs incurred on the issue of the Company’s shares are charged directly to share capital.

Share-based payments

Share-based payments to employees and others providing similar services are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. Consideration received on the exercise of stock options and share purchase warrants is recorded as share capital and the related reserves are transferred to share capital. Charges for stock options that are forfeited before vesting are reversed from reserves.

Current and deferred income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of (loss) income except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Deferred income tax assets and liabilities are determined based on the differences between the tax basis of assets and liabilities and the amounts reported in the consolidated financial statements. The deferred income tax assets or liabilities are calculated using the tax rates enacted or substantially enacted for the periods in which the differences are expected to be settled. Deferred income tax assets are recognized to the extent that they are considered more likely than not to be realized.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Mineral properties

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition costs are capitalized and deferred until such time as the property is put into production or the property is disposed of, either through sale or abandonment, or becomes impaired. If a property is put into production, the cost of acquisition will be amortized over the life of the property based on estimated economic reserves. If a property is abandoned, the acquisition costs will be written off to the consolidated statements of (loss) income. Recorded costs of mineral properties are not intended to reflect present or future values of the properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amounts. Although the Company has taken steps that it considers adequate to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title.

Once the rights to explore an area have been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets and classified as a component of mineral properties. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Impairment of mineral properties

Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable at year-end. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Evaluating recoverability during the exploration and evaluation phase requires judgment in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's intention to continue exploration and evaluation activities, the impact of government legislation and political stability in the region, and the impact of current and expected future iron ore prices on potential reserves.

Asset retirement obligations

Asset retirement obligations will be recognized for estimated obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets.

A liability for an asset retirement obligation is recognized in the period in which it is incurred and when a reasonable estimate of the value of the liability can be made, with the corresponding asset retirement cost recognized by increasing the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value. The Company had no material asset retirement obligations at December 31, 2024 and 2023.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments

IFRS 9 – Financial Instruments ("IFRS 9") establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). The Company determines the classification of the financial assets at initial recognition. The basis of classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated at FVPL:

- It has been held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as amortized cost or FVOCI are measured at FVPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributed to its acquisition.

Financial liabilities are classified as measured at amortized cost, unless they are classified as measured at FVPL. Financial liabilities measured at amortized cost are remeasured when there is a change in the future estimated cash flows. In cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive loss rather than in net earnings. Investments in equity instruments are required to be measured by default at fair value through profit or loss.

However, on the date of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVOCI.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at FVPL.

The Company's convertible debenture derivative liability has been classified as FVPL. Cash, accounts payable and accrued liabilities, amounts due to related parties, convertible debenture liabilities, and the advance royalty payable are classified at amortized cost.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Convertible debentures

The Company's convertible debentures are classified as two liability components, the units which are classified as a derivative liability and fair valued each reporting period, which changes are recorded in the consolidated statements of (loss) income, and the convertible debenture liability component which is initially recorded at fair value and subsequently at amortized cost using the effective interest rate method. The convertible debenture liability is accreted to the face value over the term of the convertible debenture. On initial recognition of a convertible debenture, if the transaction price differs from the fair values of the derivative and convertible debenture liabilities, a deferred gain or loss is recognized and amortized over the term of the convertible debenture.

Accounting standards adopted January 1, 2024

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*, which amended IAS 1, *Presentation of Financial Statements* ("IAS 1"). The Company accounts for its convertible debentures (Note 6) as derivative liabilities and not as equity instruments.

Prior to the amendment, IAS 1 stipulated that the terms of a liability that could, at the option of the counterparty, result in the settlement of the liability by the issue of equity instruments of the Company, did not affect the classification of the liability (as either current or non-current). This stipulation was removed from IAS 1 as part of the amendment and rather the amended IAS 1 focuses on the Company's right to defer settlement (whether by repayment or conversion by the counterparty) for at least twelve months following the relevant reporting date.

Prior to the amendment to IAS 1, the Company classified its convertible debentures as non-current liabilities as the maturity dates of these instruments were at least twelve months beyond the relevant reporting dates and the ability of the counterparties to convert the debentures into equity instruments of the Company would not impact the classification under the former IAS 1. However, with the removal of the stipulation (described above) from IAS 1, and because the conversion of the convertible debentures may occur at the sole discretion of the counterparties, the Company is considered to not have the right to defer settlement (by conversion into equity instruments of the Company) for at least twelve months.

The amendments became effective January 1, 2024 and were applied retrospectively. As a result of the adoption of the amendments to IAS 1, the Company reclassified the carrying value of its convertible debentures (for both the current and prior periods) from non-current derivative liabilities to current derivative liabilities.

Accounting standards and amendments issued but not yet adopted

Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments* ("Amendments to IFRS 9 and IFRS 7"): In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 which clarify the date of recognition and derecognition of some financial assets and liabilities with a new exception for some financial liabilities settled through an electronic cash transfer system, clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion, add new disclosures for certain instruments with contractual terms that can change cash flows such as instruments with features linked to the achievement of environment, social and governance targets; and update the disclosures for equity instruments designated at FVOCI. Amendments to IFRS 9 and IFRS 7 is effective for periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impact of this standard on its disclosures.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Accounting standards and amendments issued but not yet adopted (continued)

IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18"): In April 2024, the IASB issued IFRS 18, which will replace IAS 1. IFRS 18 is effective for periods beginning on or after January 1, 2027, with early adoption permitted. IFRS 18 will require defined categories and subtotals in the consolidated statements of (loss) income, require disclosure about management-defined performance measures, and adds new principles for aggregation and disaggregation of information. The Company is assessing the impact of this standard on its disclosures.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Areas of judgment include the assessment of going concern, use of a discount rate applied to fair value the convertible debentures and advanced royalty payable, mineral property impairment indicators, and determining the appropriate classification and measurement of the convertible debentures.

Areas of estimates include the carrying value of advance royalty payables, fair value of share-based compensation, deferred income taxes, and the fair value of the embedded derivative liabilities related to the convertible debentures (Level 3 financial instruments). Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the notes to the consolidated financial statements where applicable.

5. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

	Year ended December 31, 2024	Year ended December 31, 2023
Acquisition costs - beginning of year	**$ 20,267,104**	$ 20,066,674
Additions during the year		
Additional advance royalty payable	**78,277**	76,678
Accretion of advance royalty payable	**111,576**	123,752
Acquisition costs - end of year	**$ 20,456,957**	$ 20,267,104

5. MINERAL PROPERTIES – UNGAVA BAY (CONTINUED)

b) Exploration costs

	Year ended December 31, 2024	Year ended December 31, 2023
Exploration costs - beginning of year	**$ 24,186,754**	$ 24,111,768
Expenditures during the year		
Permitting and claims	**95,627**	66,690
Mapping & imagery	**147,974**	-
Equipment, supplies & rentals	**6,000**	6,000
Office and accommodation	**6,122**	1,758
Transportation	**-**	538
Exploration costs - end of year	**$ 24,442,477**	$ 24,186,754
Grand total - mineral properties	**$ 44,899,434**	$ 44,453,858

Under the terms of the acquisition of the Property, the Company must pay advance net smelter royalty (“NSR”) payments of $200,000 per year until the commencement of commercial production. The aggregate advance NSR payments will then be credited against all future NSR payments payable from production. The advance NSR payments included in the purchase price represent the present value of advance payments to the royalty holders until the estimated date of commencement of commercial production.

A 1% NSR is payable to 154619 Canada Inc. ("154619") and a 1% NSR is payable to SPG Royalties Inc. (“SPG”). The Company discounted the advance NSR payments using a discount rate of 20% per annum, representing the estimated rate of return of similar investments. The advance royalty liability will be accreted up to the date of ultimate NSR advance payment, resulting in an increase to mineral property acquisition costs and the advance royalty payable.

The total estimated future undiscounted NSR payments as at December 31, 2024 and 2023 was $1,050,000. For the year ended December 31, 2024, accretion of the advance royalty payable totaled $111,576 (2023: $123,752). As at December 31, 2024, the total advance royalty payable was $633,033 (2023: $643,181), with $216,750 (2023: $219,529) recognized as a current liability and $416,283 (2023: $423,652) recognized as a non-current liability.

On November 28, 2024, the Company paid the remaining $50,000 of its 2023 advance royalty payment to 154619 and partially paid its 2024 advance royalty payment of $50,000, with the remaining $50,000 having been agreed to be deferred until November 30, 2025. On November 28, 2024, the Company paid its 2024 advance royalty payment of $100,000 to SPG.

On December 12, 2023, the Company paid $50,000 of its 2023 advance royalty payment of $100,000 payable to 154619, with the remaining $50,000 having been agreed to be deferred until November 30, 2024. On December 12, 2023, the Company settled its 2023 advance royalty payment of $100,000 payable to SPG through a cash payment of $25,000 and the issuance of 1,153,846 common shares of the Company at a price of $0.065 per common share for fair value of $75,000.

6. CONVERTIBLE DEBENTURES

The following tables summarize the changes to the convertible debentures:

	Series A Debentures	Series B Debenture	Series C Debentures	Series D Debentures	Series E Debentures	Total
Opening balance - January 1, 2024	**$ 1,078,434**	**$ 1,255,642**	**$ 848,444**	**$ 267,227**	**$ -**	**$ 3,449,747**
Proceeds received	**-**	**-**	**-**	**-**	**2,385,000**	**2,385,000**
Transaction costs recovery (expense)	**-**	**-**	**-**	**60,102**	**(74,751)**	**(14,649)**
Interest expense and accretion	**138,772**	**111,552**	**119,462**	**214,950**	**80,831**	**665,567**
Amortization of transaction costs	**-**	**9,892**	**7,663**	**10,125**	**4,983**	**32,663**
Interest settlements through share issuance	**(80,750)**	**(88,983)**	**(164,259)**	**(126,779)**	**(54,578)**	**(515,349)**
Partial redemption of convertible debenture	**-**	**-**	**(79,990)**	**(72,500)**	**-**	**(152,490)**
Loss (gain) on change in fair value of derivative liabilities	**902,192**	**939,169**	**1,043,940**	**1,663,108**	**(1,273,851)**	**3,274,558**
Balance - December 31, 2024	**$ 2,038,648**	**$ 2,227,272**	**$ 1,775,260**	**$ 2,016,233**	**$ 1,067,634**	**$ 9,125,047**
Opening balance - January 1, 2023	**$ 1,695,354**	**$ 1,075,996**	**$ 800,646**	**$ 937,997**	**$ -**	**$ 4,509,993**
Transaction costs	-	(49,597)	-	-	-	(49,597)
Interest expense and accretion	101,598	113,240	130,832	162,671	-	508,341
Amortization of transaction costs	-	4,701	7,663	18,576	-	30,940
Interest settlements	(64,600)	(71,188)	(132,393)	(104,734)	-	(372,915)
Partial redemption of convertible debenture	-	-	-	(15,000)	-	(15,000)
(Gain) loss on change in fair value of derivative liabilities	(653,918)	182,490	41,696	(732,283)	-	(1,162,015)
Balance - December 31, 2023	**$ 1,078,434**	**$ 1,255,642**	**$ 848,444**	**$ 267,227**	**$ -**	**$ 3,449,747**

The following tables summarize the components of the convertible debentures:

	Series A Debentures	Series B Debenture	Series C Debentures	Series D Debentures	Series E Debentures	Total
Convertible debenture liability	597,485	535,404	1,477,174	871,182	1,564,661	5,045,906
Deferred loss convertible debenture liability	-	-	(522,754)	(871,182)	(1,564,661)	(2,958,597)
Derivative liability	1,441,163	1,691,868	820,840	2,147,522	6,966,240	13,067,633
Deferred loss derivative liability	-	-	-	(131,289)	(5,898,606)	(6,029,895)
Balance - December 31, 2024	**$ 2,038,648**	**$ 2,227,272**	**$ 1,775,260**	**$ 2,016,233**	**$ 1,067,634**	**$ 9,125,047**
Convertible debenture liability	539,462	517,830	1,594,296	785,284	-	3,436,872
Deferred loss convertible debenture liability	-	-	(960,408)	(785,284)	-	(1,745,692)
Derivative liability	538,972	737,812	214,556	854,556	-	2,345,896
Deferred loss derivative liability	-	-	-	(587,329)	-	(587,329)
Balance - December 31, 2023	**$ 1,078,434**	**$ 1,255,642**	**$ 848,444**	**$ 267,227**	**$ -**	**$ 3,449,747**

The convertible debentures are secured with a first ranking charge at any time against the assets of the Company, ranking pari-passu with the current secured debenture holders. Interest on the convertible debentures may be settled in cash or common shares quarterly, at the election of the Company, at the market price of the common shares at the time of the interest settlement. During the year ended December 31, 2024 the Company settled $515,349 (2023: $372,915) of debenture interest by issuing 5,566,038 (2023: 5,195,010) common shares.

The Series A Debentures, with a face value of $760,000, were convertible into units at a conversion price of $0.07 per unit during the first year of their term, following which (on September 26, 2023) the conversion price increased to $0.10 per unit. Each unit comprises one common share and one share purchase warrant exercisable into one common share of the Company at a price of $0.07 per common share. The Series A Debentures bear interest at 8.5% per annum over a five-year term and mature on September 26, 2027. As at December 31, 2024, Series A Debentures with a face value of $105,000 (2023: $83,000) were held by an officer, a director and a company controlled by a director of the Company.

6. CONVERTIBLE DEBENTURES (CONTINUED)

The Series B Debenture, with a face value of $837,500, is convertible into units at a conversion price of $0.10 per unit. Each unit comprises one common share and one share purchase warrant exercisable into one common share of the Company at a price of $0.07 per common share. The Series B Debenture bears interest at 8.5% per annum over a five-year term and matures on November 29, 2028.

The Series C Debentures, with a face value of $1,477,558, are convertible into units at a conversion price of $0.19 per unit. Each unit comprises one common share and one share purchase warrant exercisable into one common share of the Company at a price of $0.19 per common share. The Series C Debentures bear interest at 8.5% per annum over a five-year term and mature on March 10, 2026. During the year ended December 31, 2024, there was a partial conversion of the Series C Debentures in the amount of $79,990, resulting in the issuance of 421,000 common shares and 421,000 share purchase warrants. As at December 31, 2024, Series C Debentures with a face value of $868,038 (2023: $701,028) were held by an officer, directors, a significant shareholder and companies controlled by directors of the Company .

The Series D Debentures, with a face value of $1,132,500, were convertible into units at a conversion price of $0.07 per unit during the first year of their term, following which (on September 26, 2023) the conversion price increased to $0.10 per unit. Each unit comprises one common share and one share purchase warrant exercisable into one common share of the Company at a price of $0.07 per common share. The Series D Debentures bear interest at 8.5% per annum over a five-year term and mature on September 26, 2027. During the year ended December 31, 2024, there were partial conversions of the Series D Debentures in the amount of $72,500, of which $62,000 was converted by related parties, resulting in the issuance of 725,000 common shares and 725,000 share purchase warrants. As at December 31, 2024, Series D Debentures with a face value of $558,500 (2023: $465,500) were held by an officer, directors and companies controlled by directors of the Company .

On September 24, 2024, the Company completed a non-brokered private placement financing in the amount of $2,385,000, of which $609,999 was subscribed to by officers, directors and companies controlled by directors of the Company, by way of issuance of the Series E Debentures which earn interest at a rate of 8.5% per annum over a 60-month term, payable quarterly in cash or common shares, at the election of the Company, at the market price of the common shares at the time of settlement. The principal amount of the Debentures will be convertible to units during the term at the election of the subscriber. The conversion price during the first year of the term is $0.075 per unit, increasing to $0.10 per unit for the remainder of the term. Each unit comprises one common share and one common share purchase warrant exercisable into one common share of the Company at a price of $0.075 per common share for a period of 5 years after closing of the financing.

During the year ended December 31, 2024, the loss on change in fair value of derivative liabilities of $3,274,558 (2023: gain of $1,162,015) included the amortization of deferred loss of $1,236,718 (2023: $807,796).

In accordance with IFRS 9, it has been determined that the respective convertible debentures are, for IFRS purposes, hybrid debt instruments which contain non-cash embedded derivative liabilities associated with the conversion features of the debentures into units. IFRS 9 further determines that the debenture is to be measured at amortized cost and the non-cash embedded derivative is to be measured at fair value.

6. CONVERTIBLE DEBENTURES (CONTINUED)

The Company uses a binomial option pricing model to fair value the derivative liability components:

	December 31, 2024				
	Series A Debentures	Series B Debenture	Series C Debentures	Series D Debentures	Series E Debentures
Volatility	101.52%	95.42%	113.77%	101.52%	99.03%
Stock price	$ 0.135	$ 0.135	$ 0.135	$ 0.135	$ 0.135
Exercise price of units	$ 0.10	$ 0.10	$ 0.19	$ 0.10	$ 0.075
Exercise price of warrants	$ 0.07	$ 0.07	$ 0.19	$ 0.07	$ 0.075
Interest rate	2.87%	2.92%	3.12%	2.87%	2.96%
Time to maturity (years)	2.74	3.92	1.19	2.74	4.73
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%

As all convertible debentures issued by the Company are convertible at the election of the holder, the Company does not control the timing of such conversions and, at the reporting date, is not considered to have an unconditional right to defer settlement (by conversion into equity instruments) for the next twelve months. As a result, the convertible debentures are presented as current liabilities (Note 3).

7. SHARE CAPITAL

a) Share Capital

Unlimited common and preferred shares without par value.

During the year ended December 31, 2024, the Company issued:

- 5,566,038 common shares to settle debenture interest amounting to $515,349, of which 1,681,708 common shares were issued to officers, directors, a significant shareholder and companies controlled by directors of the Company;
- 1,146,000 common shares on the redemption and partial redemptions of convertible debentures amounting to $152,490, of which 620,000 common shares were issued to a company controlled by a director of the Company;
- 595,000 common shares on exercise of warrants, of which 490,000 common shares were issued to a company controlled by a director of the Company; and
- 510,000 common shares to a former officer of the Company pursuant to the exercise of stock options. The fair value of options exercised of $37,313 was transferred from reserves to share capital.

During the year ended December 31, 2023, the Company issued:

- 5,195,010 common shares to settle debenture interest amounting to $372,915, of which 1,485,718 common shares were issued to an officer, directors, a significant shareholder and companies controlled by directors of the Company;
- 214,285 common shares on the redemption of a convertible debenture amounting to $15,000;
- 1,153,846 common shares to settle advance royalty payments of $75,000; and
- 227,491 common shares to directors of the Company pursuant to the settlement of RSUs. The fair value of the converted RSUs of $18,313 was transferred from reserves to share capital.

7. SHARE CAPITAL (CONTINUED)

b) Restricted Share Units (“RSUs”)

During the year ended December 31, 2024, the Company issued 50,000 RSUs to an officer and director of the Company. The weighted average grant date fair value for RSUs granted during the year ended December 31, 2024 was $0.095 per RSU (2023: $nil). During the year ended December 31, 2024, the Company recognized share-based compensation expense of $2,177 (2023: $nil) with a corresponding increase to reserves and $nil (2023: $18,313) was transferred to share capital upon the settlement of nil (2023: 227,491) RSUs.

	Number of RSUs
RSUs outstanding - January 1, 2023	**227,491**
Settled	(227,491)
RSUs outstanding - December 31, 2023	**-**
Issued	50,000
RSUs outstanding - December 31, 2024	**50,000**

c) Stock options

Under the Company’s stock option plan, the Company may grant stock options to its directors, officers, employees and consultants to acquire a maximum number of common shares equal to 10% of the total issued common shares of the Company exercisable for a period of up to 10 years from the date of grant, subject to vesting conditions.

A summary of the changes in the stock options is as follows:

	Number of options		Weighted average exercise price
Options outstanding - January 1, 2023	**8,415,500**	**$**	**0.14**
Granted	1,540,000	$	0.10
Forfeited	(1,630,500)	$	0.15
Options outstanding - December 31, 2023	**8,325,000**	**$**	**0.13**
Granted	3,020,000	$	0.09
Exercised	(510,000)	$	0.09
Expired	(650,000)	$	0.16
Forfeited	(570,000)	$	0.15
Options outstanding - December 31, 2024	**9,615,000**	**$**	**0.12**
Options exercisable - December 31, 2024	**8,155,000**	**$**	**0.12**

The following table summarizes information about stock options outstanding and exercisable:

									December 31, 2024
	Total options outstanding				Total options exercisable				
Range of exercise price	**Number**	**Weighted average remaining contractual life (years)**		**Weighted average exercise price**	**Number**	**Weighted average remaining contractual life (years)**		**Weighted average exercise price**	
$0.05-$0.10	4,840,000	7.8	$	0.08	3,846,667	7.4	$	0.08	
$0.11-$0.15	3,430,000	5.3	$	0.14	3,430,000	5.3	$	0.14	
$0.16-$0.20	700,000	9.9	$	0.18	233,333	9.9	$	0.18	
$0.21-$0.25	645,000	3.0	$	0.24	645,000	3.0	$	0.24	
	9,615,000	**6.7**	**$**	**0.12**	**8,155,000**	**6.2**	**$**	**0.12**	

7. SHARE CAPITAL (CONTINUED)

c) Stock options (continued)

									December 31, 2023
Total options outstanding					**Total options exercisable**				
Range of exercise price	**Number**	**Weighted average remaining contractual life (years)**		**Weighted average exercise price**	**Number**	**Weighted average remaining contractual life (years)**		**Weighted average exercise price**	
$0.05-$0.10	3,050,000	7.3	$	0.09	2,536,667	6.9	$	0.09	
$0.11-$0.15	3,880,000	6.4	$	0.14	3,880,000	6.4	$	0.14	
$0.16-$0.20	650,000	0.9	$	0.16	650,000	0.9	$	0.16	
$0.21-$0.25	745,000	3.9	$	0.24	745,000	3.9	$	0.24	
	8,325,000	**6.1**	**$**	**0.13**	**7,811,667**	**5.8**	**$**	**0.13**	

During the year ended December 31, 2024, the Company recorded share-based compensation expense relating to stock options of $165,402 (2023: $109,270). The weighted average fair value of the stock options granted during the year ended December 31, 2024 was $0.08 (2023: $0.09) per option and the weighted average share price on the exercise of stock options was $0.23 (2023: nil) per share.

The Company used a Black Scholes option valuation model to determine the grant-date fair value of stock options, applying the following assumptions assuming no expected forfeitures:

	Year ended December 31, 2024	Year ended December 31, 2023
Risk-free interest rate	**3.67%**	2.97%
Expected life (years)	**10.0**	10.0
Annualized volatility	**91.41%**	97.88%
Dividend rate	**0%**	0%

The risk-free rate for periods within the contractual term of the option is based on the Bank of Canada administered interest rates in effect at the time of the grant. Expected volatilities for periods within the contractual term of the option are based on historical volatilities of the Company's stock price at the time of the grant.

d) Share purchase warrants

A summary of the changes in the share purchase warrants is as follows:

	Number of share purchase warrants		Weighted average exercise price
Balance - January 1, 2023	**19,500,000**	**$**	**0.05**
Issued	214,285		0.07
Expired	(19,500,000)		0.05
Balance - December 31, 2023	**214,285**	**$**	**0.07**
Issued	1,146,000		0.11
Exercised	(595,000)		0.07
Balance - December 31, 2024	**765,285**	**$**	**0.14**

As at December 31, 2024, the share purchase warrants outstanding had a weighted average remaining life of 1.9 years.

8. INCOME TAXES

Income tax recovery or expense differs from the amount that would result from applying the Canadian and federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

	Year ended December 31, 2024	Year ended December 31, 2023
(Loss) income before income taxes	$ (4,677,584)	$ 51,598
Canadian federal and provincial income tax rates	26.50%	26.50%
Expected income tax (recovery) expense	(1,239,560)	13,673
Increase (decrease) due to:		
Non-deductible expenses (income) and other	944,926	(197,063)
Losses not recognized	294,634	183,390
Income tax recovery	$ -	$ -

Recognized deferred income tax assets and liabilities of the Company, which are all based in Canada, comprise the following:

	Year ended December 31, 2024	Year ended December 31, 2023
Deferred income tax assets		
Non-capital losses	$ 3,125,382	$ 3,134,958
Equipment	32,056	107,167
Total deferred income tax assets	$ 3,157,438	$ 3,242,125
Deferred income tax liabilities		
Share and debt issue costs	10,731	15,198
Mineral property costs	3,146,707	3,226,927
Deferred income tax liabilities	$ 3,157,438	$ 3,242,125
Deferred income tax liability, net	**$ -**	$ -

The composition of deferred income tax recovery is as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Non-capital losses	$ 9,576	$ 40,216
Share and debt issue costs	(4,467)	11,152
Equipment	75,111	15,731
Mineral property costs	(80,220)	(67,099)
	$ -	$ -

8. INCOME TAXES (CONTINUED)

The composition of the unrecognized deferred income tax asset is provided in the table below:

	Year ended December 31, 2024	Year ended December 31, 2023
Non-capital losses	$ 2,569,862	$ 2,275,228
Capital losses	233,793	233,793
	$ 2,803,655	**$ 2,509,021**

As at December 31, 2024, the Company has loss carry-forwards of $21,491,484 (2023: $20,415,798). These tax losses may be available for tax purposes and expire between 2026 and 2044.

9. COMMITMENTS

As part of the acquisition of the Ungava Bay mineral properties, commencing on November 30, 2011, Oceanic must pay advance NSR payments of $200,000 per year, which will be credited against all future NSR payments payable from production (Note 5). These payments are estimated to continue for a rolling five-year period.

The Company's undiscounted contractual commitments were as follows:

December 31, 2024

	Less than 1 year	1 -3 years	More than 3 years	Total
Accounts payable and accrued liabilities	$ 257,674	$ -	$ -	$ 257,674
Due to related parties	249,069	-	-	249,069
Convertible debenture - liability component	560,369	4,221,042	3,639,329	8,420,740
Advance royalty payable	250,000	400,000	400,000	1,050,000
	$ 1,317,112	$ 4,621,042	$ 4,039,329	$ 9,977,483

December 31, 2023

	Less than 1 year	1 -3 years	More than 3 years	Total
Accounts payable and accrued liabilities	$ 343,279	$ -	$ -	$ 343,279
Due to related parties	475,690	-	-	475,690
Convertible debenture - liability component	463,255	2,188,429	3,038,429	5,690,113
Advance royalty payable	250,000	400,000	400,000	1,050,000
	$ 1,532,224	$ 2,588,429	$ 3,438,429	$ 7,559,082

Contractual commitments related to the convertible debenture – liability component represent principal and interest payments. The convertible debentures are assumed to be held to maturity. Of this balance, the interest component of $1,828,182 may be settled in common shares at the election of the Company.

Additionally, in order to maintain current rights of tenure to exploration tenements, the Company is expected to incur expenditures of $58,336 in respect of claim renewal fees and minimum work requirements in the year ending December 31, 2025.

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

a) Key Management Compensation

Key management includes the Company's directors, Chief Executive Officer and Chief Financial Officer. Compensation awarded to key management, which includes compensation to the former Interim Chief Executive Officer who resigned August 22, 2024, is also presented in the table below:

	Year ended December 31, 2024	Year ended December 31, 2023
Directors' fees	**$ 30,000**	$ 30,000
Consulting and management fees	**311,022**	295,000
Share-based compensation*	**153,307**	86,564
	$ 494,329	$ 411,564

*Share-based compensation is valued based on the fair value of stock options and RSUs granted to individuals

b) Payments for services by related parties

During the year ended December 31, 2024, the Company incurred corporate consulting fees of $110,000 (2023: $115,000), to Sirocco Advisory Services Ltd. ("Sirocco"), a company controlled by a director of the Company. As at December 31, 2024, the Company owed $33,333 (2023: $143,750) to Sirocco relating to unpaid consulting fees.

During the year ended December 31, 2024, the Company incurred corporate consulting fees of $36,022 (2023: $nil) to the Company's Chief Executive Officer. As at December 31, 2024 and 2023, the Company owed $nil to the Chief Executive Officer relating to unpaid consulting fees.

During the year ended December 31, 2024, the Company incurred corporate consulting fees of $45,000 (2023: $60,000) to Sinocan Consultant Hong Kong Ltd. ("Sinocan"), a company controlled by the former Interim Chief Executive Officer. As at December 31, 2024, the Company owed $nil (2023: $20,000) to Sinocan relating to unpaid consulting fees.

During the years ended December 31, 2024 and 2023, the Company incurred corporate consulting fees of $60,000 to Timbavati Consult Inc. ("Timbavati"), a company controlled by the Chief Financial Officer. As at December 31, 2024, the Company owed $20,000 (2023: $60,000) to Timbavati relating to unpaid consulting fees.

During the years ended December 31, 2024 and 2023, the Company incurred corporate consulting fees of $60,000 to Fiore Management & Advisory Corp. ("Fiore"), a company controlled by a director of the Company. As at December 31, 2024, the Company owed $20,000 (2023: $75,000) to Fiore relating to unpaid consulting fees.

As at December 31, 2024, the Company owed $67,500 (2023: $87,500) in directors' fees to certain directors of the Company.

The Company was charged shared lease, overhead, and service costs by Artemis Gold Inc. ("Artemis"), a company with common management and directors. For the year ended December 31, 2024, the Company incurred $18,796 (2023: $19,842) in shared lease, overhead, and service costs. As at December 31, 2024, the Company owed $108,236 (2023: $89,440) to Artemis.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

11. FINANCIAL RISK MANAGEMENT

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's Board of Directors approves and monitors the risk management processes.

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, amounts due to related parties, advance royalty payable, and convertible debentures. These financial instruments are designated as follows: cash is a financial asset measured at amortized cost, accounts payable and accrued liabilities and amounts due to related parties are financial liabilities measured at amortized cost, the measurement of the advance royalty payable is disclosed in Note 5, and the measurement of the convertible debentures is disclosed in Note 6.

Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and receivables. The Company has concentration of risk with respect to cash being held with one large Canadian financial institution. The Company's credit risk is mitigated by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the carrying value of the financial assets noted above.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and the Company's cash needs over the short term. Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2024 and 2023 are presented in Note 9.

The Company's ability to continue operations in the normal course of business is dependent on several factors, including the ability to secure additional financing. In addition, the recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production, all of which are uncertain. Further information relating to liquidity risk is disclosed in Note 1.

Market risk

Market risk is the risk that the fair market value of the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments and convertible debentures can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in its cash. The Company manages market risk by investing funds with a reputable financial institution that provides competitive rates of return.

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk is not significant and a 1% change in interest rates would not have a significant impact on the Company's net loss.

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value

A three-level hierarchy for fair value measurements exists based upon the significance of inputs used in making fair value measurements:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Fair value is based on available public market information or, when such information is not available, estimated using fair valuation techniques (including option pricing models and present value models) which include assumptions concerning the amount and timing of future cash flows and/or debt conversions, discount rates which factor in the appropriate credit risk, as well as historical volatility rate assumptions as applicable. The carrying values of cash, receivables, prepaid expenses and deposits, accounts payable and accrued liabilities, amounts due to related parties, advance royalty payable, and convertible debentures approximate their fair values due to their short-term nature.

As at December 31, 2024, the derivative liabilities of $13,067,633 (2023: $2,345,896) included in the convertible debentures are measured at level 3 due to certain inputs that are not based on observable market data.

12. MANAGEMENT OF CAPITAL

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions and also taking into consideration externally imposed capital requirements. The annual and updated budgets are approved by the board of directors as needed. As a matter of carrying out the Company's objectives, the Company may renegotiate its existing liabilities, issue new equity or incur debt.

In order to maximize ongoing development efforts, the Company does not pay dividends.

The Company's investment policy is to limit investments to guaranteed investment certificates, banker's acceptance notes, investment savings accounts or money market funds with high quality financial institutions in Canada and treasury bills, selected with regards to the expected timing of expenditures from continuing operations. The Company has no externally imposed capital requirements as at December 31, 2024 and 2023. Further information relating to management of capital is disclosed in Note 1.

13. SUBSEQUENT EVENTS

a) Subsequent to year-end, there was a partial conversion of the Series D Debentures in the amount of $20,000, resulting in the issuance of 200,000 common shares and 200,000 share purchase warrants.

b) Subsequent to year-end, the Company issued 430,000 common shares for proceeds of $54,100 pursuant to the exercise of share purchase warrants.

c) Subsequent to year-end, the Company elected to settle an aggregate of $139,802 in accrued interest payable under the Company's previously issued convertible debentures through the issuance of 776,676 common shares of the Company, at a price of $0.18 per share.