ReGen III Corp.

Consolidated Financial Statements
For the Year Ended December 31, 2024
(Expressed in Canadian dollars)

For the Year Ended December 31, 2024	**Page**

Management's Report

The accompanying consolidated financial statements of ReGen III Corp. (the "Company") are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB") as outlined in Part 1 of the Chartered Professional Accountants of Canada Handbook - Accounting, and include some amounts that are based on management's estimates and judgment.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee. The Audit Committee reviews the Company's annual consolidated financial statements and recommends its approval to the Board of Directors. The Company's auditors have full access to the Audit Committee, with and without management being present. These consolidated financial statements have been audited by Ernst & Young LLP, Chartered Professional Accountants.

(Signed) Tony Weatherill	(Signed) Rick Low
Chief Executive Officer	Chief Financial Officer

Vancouver, British Columbia, Canada

April 28, 2025

Independent auditor's report

To the Shareholders of
ReGen III Corp.

Opinion

We have audited the consolidated financial statements of **ReGen III Corp.** and its subsidiaries [the "Group"], which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in deficit and consolidated statements of 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 consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group 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 of the consolidated financial statements, which indicates that for the year ended December 31, 2024, the Group had a net loss of $3,736,989 and total comprehensive loss of $3,729,334, and as at December 31, 2024 had a working capital deficit of $3,401,486 and accumulated deficit of $122,321,000. 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 Group'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 the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there are no other key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's discussion and analysis.

Our opinion on the 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.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes 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, actions taken to eliminate threats or safeguards applied.

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

The partner in charge of the audit resulting in this independent auditor's report is Louisa Lun.

Ernst & Young LLP

Chartered Professional Accountants

Vancouver, Canada
April 30, 2025

ReGen III Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2024	December 31, 2023
	$	$
ASSETS		
Current		
Cash	280,212	2,149,346
Accounts receivable	33,088	26,805
Prepaid expenses	144,023	134,276
Investment in sublease (note 6)	74,027	115,650
	531,350	2,426,077
Property (note 4)	8,328	8,328
Investments (note 5)	49,759	42,104
Investment in sublease (note 6)	59,610	25,499
Right-of-use assets (note 7)	-	181,643
Total assets	**649,047**	**2,683,651**
LIABILITIES AND DEFICIT		
Current		
Accounts payable (note 9)	283,020	279,093
Accrued liabilities (notes 9 and 15)	344,870	1,135,821
Lease liabilities (note 7)	94,305	200,475
Deferred rent liability	63,704	24,363
Convertible debentures (note 8)	2,884,937	-
Accrued tax provision	262,000	239,000
	3,932,836	1,878,752
Deferred rent liability	8,506	11,783
Lease liabilities (note 7)	59,610	160,852
Convertible debentures (note 8)	1,022,142	2,561,684
Total liabilities	5,023,094	4,613,071
Shareholders' deficit		
Share capital (note 10)	102,365,057	101,320,784
Contributed surplus	15,532,137	15,291,703
Accumulated deficit	(122,321,000)	(118,584,011)
Accumulated other comprehensive income		
Unrealized gain on investments (note 5)	49,759	42,104
Total shareholders' deficit	(4,374,047)	(1,929,420)
Total liabilities and shareholders' deficit	**649,047**	**2,683,651**

Nature of operations and going concern (note 1)
Commitments (notes 7, 8 and 13)
Subsequent events (note 17)

Approved on behalf of the Board of Directors:

"Tony Weatherill"
Tony Weatherill, Director

"Larry Van Hatten"
Larry Van Hatten, Director

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

ReGen III Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

	2024 $	2023 $
Expense		
Amortization of right-of-use assets (note 7)	55,043	104,062
General and administration	541,835	506,146
Investor relations	99,961	127,406
Plant engineering and design	777,281	289,954
Professional fees	612,765	881,737
Salaries and benefits (note 9)	1,578,312	2,202,429
Share-based payments (note 10)	73,074	1,425,306
Travel and accommodation	53,944	39,047
	3,792,215	5,576,087
Other (income) expense		
Interest income	(35,370)	(65,760)
Forgiveness of government grant	-	(10,000)
Rent income	(133,338)	(36,700)
Finance income from lease – head office premises (note 6)	(15,659)	(9,237)
Finance costs of lease – head office premises (note 7)	34,874	41,191
Write-off due to sublease (notes 6 and 7)	(6,106)	7,299
Foreign exchange (gain) loss	94,016	(23,505)
Interest on convertible debentures (note 8)	503,003	42,051
Transaction costs (note 8)	38,310	130,524
Loss on fair value re-measurement of convertible debentures (note 8)	456,153	159,836
Loss on debt settlement (note 10)	81,671	-
Change in estimate relating to provisions for services (note 15)	(1,022,625)	-
	(5,071)	235,699
Loss for the year before income taxes	3,787,144	5,811,786
Deferred income tax recovery (note 16)	(50,155)	(161,501)
Net loss for the year	3,736,989	5,650,285
Other comprehensive gain		
Unrealized gain on investments (note 5)	(7,655)	(3,828)
Total comprehensive loss for the year	3,729,334	5,646,457
Loss per share – basic and diluted	0.03	0.05
Weighted average number of shares outstanding – basic and diluted	119,079,191	117,590,492

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

ReGen III Corp.
Consolidated Statements of Changes in Deficit
(Expressed in Canadian dollars)

	Share capital	Contributed surplus	Accumulated deficit	Unrealized gain on investments	Total
	$	$	$	$	$
Balance as at December 31, 2022	98,689,674	13,234,699	(112,933,726)	38,276	(971,077)
Issuance of share capital (note 10)	193,721	(67,721)	-	-	126,000
Issuance of units (note 10)	2,473,976	295,400	-	-	2,769,376
Share issuance costs (note 10)	(36,587)	-	-	-	(36,587)
Issuance of convertible debentures and warrants (note 8)	-	565,520	-	-	565,520
Deferred tax expense on equity components of convertible debentures (note 16)	-	(161,501)	-	-	(161,501)
Share-based payments (note 10)	-	1,425,306	-	-	1,425,306
Net loss for the year	-	-	(5,650,285)	-	(5,650,285)
Other comprehensive gain	-	-	-	3,828	3,828
Balance as at December 31, 2023	101,320,784	15,291,703	(118,584,011)	42,104	(1,929,420)
Issuance of share capital (note 10)	246,521	-	-	-	246,521
Issuance of units (note 10)	850,250	39,750	-	-	890,000
Share issuance costs (note 10)	(52,498)	-	-	-	(52,498)
Issuance of convertible debentures and warrants (note 8)	-	177,765	-	-	177,765
Deferred tax expense on equity components of convertible debentures (note 16)	-	(50,155)	-	-	(50,155)
Share-based payments (note 10)	-	73,074	-	-	73,074
Net loss for the year	-	-	(3,736,989)	-	(3,736,989)
Other comprehensive gain	-	-	-	7,655	7,655
Balance as at December 31, 2024	102,365,057	15,532,137	(122,321,000)	49,759	(4,374,047)

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

ReGen III Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

	2024	2023
	$	$
Operating activities		
Loss for the year before income taxes	(3,787,144)	(5,811,786)
Adjustments for items not involving cash		
Amortization of right-of-use assets (note 7)	55,043	104,062
Share-based payments (note 10)	73,074	1,425,306
Forgiveness of government grant	-	(10,000)
Finance income from lease – head office premises (note 6)	(15,659)	(9,237)
Finance costs of lease – head office premises (note 7)	34,874	41,191
Write-off due to sublease (notes 6 and 7)	(6,106)	7,299
Loss on fair value re-measurement of convertible debentures (note 8)	456,153	159,836
	(3,189,765)	(4,093,329)
Net change in non-cash working capital		
Accounts receivable	(6,283)	183
Prepaid expenses	21,143	10,252
Accounts payable	3,927	(235,381)
Accrued liabilities	(544,430)	55,118
Accrued tax provision	23,000	9,000
Net cash flows used in operating activities	(3,692,408)	(4,254,157)
Financing activities		
Payment of lease liabilities (note 7)	(273,176)	(215,690)
Term loan	-	(30,000)
Convertible debentures (note 8)	1,075,000	3,000,000
Convertible debentures issuance costs (note 8)	(7,993)	(32,631)
Issuance of share capital (note 10)	890,000	2,895,376
Share issuance costs (note 10)	(52,498)	(36,587)
Net cash flows from financing activities	1,631,333	5,580,468
Investing activities		
Investment in sublease (note 6)	167,688	68,491
Deferred rent liability	24,253	36,146
Net cash flows from investing activities	191,941	104,637
Increase (decrease) in cash during the year	(1,869,134)	1,430,948
Cash, beginning of the year	2,149,346	718,398
Cash, end of the year	280,212	2,149,346

Supplemental cash flow information (note 14)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

ReGen III Corp. (the "Company" or "ReGen III") was incorporated under the laws of British Columbia and continued its incorporation into Alberta on December 6, 2017. The Company's wholly owned subsidiaries, ReGen III (Alberta) Inc., was incorporated under the provincial laws of Alberta on November 1, 2017 and ReGen III (USGC) Corporation, was incorporated in Delaware, USA on October 29, 2021. The Company's indirect subsidiaries, RG3 Texas Holdings LLC was incorporated in Delaware, USA on March 16, 2022 is wholly owned by ReGen III (USGC) Corporation and RG3 Texas LLC was incorporated in Delaware, USA on March 16, 2022 is wholly owned by RG3 Texas Holdings LLC. The Company holds patents to the ReGen^{TM} technology and plans to use the technology to recycle used motor oil into high quality base lubricating oils. The Company's principle place of business is in Vancouver, BC, Canada and it's registered office address is Suite 3810, Bankers Hall West, 888 3 St. SW, Calgary, AB T2P 5C5, Canada.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. At December 31, 2024, the Company had a working capital deficit of $3,401,486, had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the year ended December 31, 2024, the Company reported a net loss of $3,736,989 and total comprehensive loss of $3,729,334 and as at December 31, 2024, had an accumulated deficit of $122,321,000. The Company has not generated revenues, and it is dependent on debt and equity financings to fund its development operations. Management of the Company believes that the current level of funds is not sufficient to pay for expected cash expenditures over the next 12 months. The recoverability of the underlying value of the Company's assets is entirely dependent on the Company's ability to obtain the necessary financing to complete development of the ReGen^{TM} technology and future profitable production. Significant amounts of capital expenditures are required for the Company to execute its business plan and there are no assurances that the Company will have sufficient funds for this purpose. In the event that sufficient financing is not completed, the Company will be required to scale back its planned activities and expenditures, including general and administrative expenditures. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The Company's consolidated financial statements for the year ended December 31, 2024 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 should the going concern assumption be inappropriate, and such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), as issued by the International Accounting Standards Board ("IASB") interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRIC").

Certain comparative figures have been reclassified to conform with the basis of presentation adopted in the current period.

These consolidated financial statements for the year ended December 31, 2024 were approved and authorized for issue by the Board of Directors on April 28, 2025.

3. MATERIAL ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements include the financial statements of the Company, and its subsidiaries as indicated in the table below.

Subsidiary	Incorporation jurisdiction	Functional currency	Ownership %	
			2024	2023
ReGen III (Alberta) Inc.	Alberta	Canadian dollar	100%	100%
ReGen III (USGC) Corporation	Delaware	Canadian dollar	100%	100%
RG3 Texas Holdings LLC	Delaware	US dollar	100%	100%
RG3 Texas LLC	Delaware	US dollar	100%	100%

The consolidated financial statements have been prepared on a historical cost basis, except for investments and convertible debentures that have been measured at fair value.
All inter-company transactions, balances, income and expenses are eliminated through the consolidation process.

(b) Foreign Currency Translation

The financial statements of each company within the consolidated group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the parent company is the Canadian dollar. The functional currency of the Company's subsidiaries is indicated in the table in note 3 (a). These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise.

(c) Cash

Cash includes cash on hand and deposits with financial institutions that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

(d) Deferred transaction costs

Deferred transaction costs consist of costs incurred to evaluate potential financings, and are recorded as financing costs included in the carrying value of debt and equity upon completion of related financings, and otherwise expensed.

3. MATERIAL ACCOUNTING POLICIES (continued)

(e) Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses or at the lower of their carrying value and estimated recoverable amount. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item.

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of loss and comprehensive loss.

Where an item of property and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

The residual values, useful lives, and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate.

(f) Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount, net of amortization, that would have been determined had no prior impairment loss been recognized for the asset.

(g) Financial Instruments

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following three categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

3. MATERIAL ACCOUNTING POLICIES (continued)

(g) Financial Instruments (continued)

Financial assets classified as amortized cost are initially measured at fair value and are subsequently measured at amortized cost. The Company's cash and accounts receivable are classified as amortized cost.

Financial assets classified as FVTPL are initially measured at fair value with unrealized gains and losses recognized through profit and loss. Regular way purchases and sales of FVTPL financial assets are accounted for at trade date, as opposed to settlement date. The Company has not classified any financial assets as FVTPL.

Financial assets classified as FVOCI are initially measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for recognition of credit impairment gains and losses, foreign exchange gains and losses, and interest revenue which are recorded in profit or loss. The Company's investment in the shares of Coppermoly Ltd. is classified as FVOCI (note 5). The Company made an election to continue to measure the fair value changes in other comprehensive loss.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as amortized cost or FVTPL.

Financial liabilities classified as amortized cost are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period of maturity. The effective interest rate is the rate that exactly discounts estimated future cash payments to the carrying value through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gross proceeds of compound financial instruments that contain both liability and equity components (i.e. an embedded derivative that meets the definition of equity) are allocated first to the fair of the liability component and the residual is allocated to the equity component upon initial recognition. Transaction costs are allocated based on proportion of the gross proceeds allocation.

A financial liability is derecognized when the associated obligation is discharged, cancelled or expired.

3. MATERIAL ACCOUNTING POLICIES (continued)

(g) Financial Instruments (continued)

Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset is impaired. If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

(h) Derivative financial instruments

The Company may issue or hold compound financial instruments with embedded derivatives. An embedded derivative is separated from its host contract and accounted for as a derivative only when three criteria are satisfied:

- when the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the entire instrument is not measured at fair value with changes in fair value recognized in the statement of profit or loss and other comprehensive income.

The Company designates certain financial liabilities with embedded derivatives as FVTPL on the initial recognition and accordingly does not bifurcate between the host contract and the embedded derivative; however, other financial liabilities with embedded derivatives are bifurcated into the debt host component and the embedded derivative component, depending on the instrument. In the case of the latter, the debt host component is classified as other financial liabilities and is measured as amortized cost using the effective interest rate method and the embedded derivatives are classified as FVTPL and all changes in fair value are recorded in profit or loss. The difference between the debt host component and the principal amount of the loan outstanding is accreted to profit or loss over the expected life of the financial liabilities.

(i) Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by construction activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related asset. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional

3. MATERIAL ACCOUNTING POLICIES (continued)

(i) Rehabilitation Provision (continued)

environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. As at December 31, 2024, the Company has not incurred any legal or constructive obligations that require a rehabilitation provision.

(j) Income Taxes

(i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss).

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Income Taxes (continued)

(ii) Deferred tax (continued)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Such deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive loss or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances arises. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or recognized in profit or loss thereafter.

(k) Share Capital

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, options and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issuance of new shares, options, or warrants are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued is determined to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing trading price on the issuance date. The balance, if any, was allocated to the attached warrants.

3. MATERIAL ACCOUNTING POLICIES (continued)

(k) Share Capital (continued)

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset or services received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate exchange on the date the shares are issued.

(l) Loss Per Share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Basic and diluted loss per share are the same, as under the treasury stock method, the effect of common shares issuable upon the exercise of stock options would be anti-dilutive.

(m) Share-based Payments

Where equity-settled instruments are awarded to Participants, the fair value of the equity-settled instruments at the date of grant is charged to profit and loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity-settled instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of equity-settled instruments that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the equity-settled instruments granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of equity-settled instruments are modified before they vest, the increase in the fair value of the equity-settled instruments, measured immediately before and after the modification, is also charged to profit and loss over the remaining vesting period.

When equity-settled instruments are granted to non-employees, they are recorded at the fair value of the goods and services received, unless the fair value of the goods and services received cannot be reasonably measured, in which case they are measured at the fair value of the equity-settled instruments issued. Expenses are recorded in the statement of loss and comprehensive loss.

When the value of goods or services received in exchange for the equity-settled instrument cannot be reliably

3. MATERIAL ACCOUNTING POLICIES (continued)

(m) Share-based Payments (continued)

estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled instruments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of equity-settled instruments is cancelled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity-settled instrument except to the extent the payment exceeds the fair value of the equity-settled instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

For cash-settled transactions, a liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in profit or loss. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

(n) Segmented Reporting

The Company operates in one segment, being the used motor oil refining business.

(o) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company has office subleases where it makes lease payments and receives lease payments.

- Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over a range of one and five years, which is the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

3. MATERIAL ACCOUNTING POLICIES (continued)

(o) Leases (continued)

- Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a

change in the assessment to purchase the underlying asset.

- Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(p) Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the valuation of equity instruments.

3. MATERIAL ACCOUNTING POLICIES (continued)

(p) Significant Accounting Estimates and Judgments (continued)

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they were granted. Estimating the fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, and dividend yield and making assumptions about them.

The Company’s convertible debentures are valued using the binomial lattice methodology. This method is based on underlying factors such as the current interest rate, and Company’s ability to make all interest payments on a timely basis. Changes in the inputs to the calculation could impact the carrying value of the convertible debentures and the amount of unrealized gains or losses recognized in profit or loss.

The Company evaluates its going concern by estimating future expenditures using actual historical expenditures and current and estimated future commitments. Historical trends may not be an accurate indicator of future performance and circumstances for commitments may change.

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In estimating the recoverable amount of the asset, the Company uses market values or estimated cash flows based on historical trends and expected future cash flows. Historical trends may not be an accurate indicator of future performance and actual results may differ significantly from estimates.

Significant accounting judgements for Leases

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company applies significant judgments in determining its incremental borrowing rate used in calculating the present value of lease payments.. The Company takes into account factors such as interest rates in borrowings that are similar in nature and term to its leases. The Company compares its incremental borrowing rate to the rate incurred by similar market participants.

3. MATERIAL ACCOUNTING POLICIES (continued)

(q) New and Amended Standards and Interpretations

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

IFRS 18 sets out overall requirements for the presentation and disclosure in financial statements. It requires an entity to present a complete set of financial statements at least annually, with comparative amounts for the preceding year (including comparative amounts in the notes). It replaces IAS 1 Presentation of Financial Statements. IFRS 18 aims to improve financial reporting by:

- requiring an entity to present two new defined subtotals in the statement of profit or loss—operating profit and profit before financing and income taxes;
- requiring an entity to disclose management-defined performance measures—subtotals of income and expenses not specified by IFRS Accounting Standards that are used in public communications to communicate management's view of an aspect of a company's financial performance; and
- adding new principles for aggregation and disaggregation of items.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The Company's financial statement presentation will be revised to conform to this standard upon adoption on January 1, 2027.

Amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures

The IASB issued amendments to IFRS 9 and IFRS 7 to:

- 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 (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

These new requirements will apply from January 1, 2026, with early application permitted. The Company is currently evaluating the impact of these amendments on the Company's consolidated financial statements.

4. PROPERTY

The Company owns land with a carrying value of $8,328 as at December 31, 2024 and 2023 (see note 17).

(Expressed in Canadian dollars)

5. INVESTMENTS

The Company holds 3,827,646 shares of Coppermoly Ltd. ("COY"). Changes in fair value, based on the market price on the Australian Stock Exchange, are recorded in other comprehensive income. Changes in fair value are shown in the table below.

	$
December 31, 2022	38,276
Unrealized gain	3,828
December 31, 2023	42,104
Unrealized gain	7,655
December 31, 2024	49,759

6. INVESTMENT IN SUBLEASE

The Company entered into an agreement effective on August 22, 2023, to sublease its previous office premises for a term that expires on February 28, 2025. As a result, the Company recognized an investment in sublease on August 22, 2023. As at August 22, 2023, the total future sublease payments of $222,596 over the sublease term was discounted at the Company's incremental borrowing rate of 15% and the Company recorded an investment in sublease of $200,403.

On October 22, 2024, the Company entered into a sub-sublease agreement effective on November 1, 2024, for the sub-sublease of its existing office premises for a term that expires on September 30, 2026. As a result, the Company recognized an investment in sublease on October 22, 2024. As at October 22, 2024, the total future sublease payments of $151,147 over the sublease term was discounted at the Company's incremental borrowing rate of 15% and the Company recorded an investment in sublease of $132,705.

Set out below, are the carrying amounts of the Company's investment in sublease and the movements during the period:

	Investment in Sublease $
Future sublease payments as at August 22, 2023	222,596
Incremental borrowing rate as at August 22, 2023	15%
Discounted future sublease payments as at August 22, 2023	200,403
Prepaid rent	(25,684)
Interest accretion	9,237
Sublease payments received	(42,807)
Balance, as at December 31, 2023	141,149
Discounted future sublease payments as at October 22, 2024	132,705
Prepaid rent	11,812
Interest accretion	15,659
Sublease payments received	(167,688)
Balance, as at December 31, 2024	133,637

	Investment in Sublease $
Current portion of investment in sublease	74,027
Long-term portion of investment in sublease	59,610
Balance, as at December 31, 2024	133,637

(Expressed in Canadian dollars)

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company entered into a sublease agreement effective on September 1, 2023, for the sublease of its new office premises for a term that expires on September 30, 2026. The Company has recorded this sublease as a right-of-use asset and lease liability on September 1, 2023. As at September 1, 2023, the total future sublease payments of $244,494 over the sublease term was discounted at the Company's incremental borrowing rate of 15% and the Company recorded a lease liability and right-of-use-asset of $198,156. As a result of subleasing the Company's previous office premises and subleasing its new office premises, the Company derecognized $nil (2023 - $207,702) of right-of-use assets for the previous office premises and recognized $nil (2023 - $200,403) right-of-use assets for its new office premises. This resulted in a $7,299 net write off recorded for the year ended December 31, 2023 ($nil in 2024).

On June 17, 2019, the Company entered into a lease agreement for the lease of its office premises for an initial term of five years commencing on March 1, 2020. The Company has recorded this lease as a right-of-use asset and lease liability on March 1, 2020. As at March 1, 2020, the total future lease payments of $896,169 over the initial lease term was discounted at the Company's incremental borrowing rate of 12% and the Company recorded a lease liability and right-of-use-asset of $681,347.

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-Use-Assets $	Lease Liabilities $
Balance, as at December 31, 2022	295,251	337,670
Discounted future lease payments	198,156	198,156
Prepaid rent	-	(13,583)
Amortization	(104,062)	-
Write-off due to sublease	(207,702)	-
Interest accretion – head office premises	-	41,191
Lease payments	-	(202,107)
Balance, as at December 31, 2023	181,643	361,327
Prepaid rent	-	30,890
Amortization	(55,043)	-
Write-off due to sublease	(126,600)	
Interest accretion – head office premises	-	34,874
Lease payments	-	(273,176)
Balance, as at December 31, 2024	-	153,915

	Right-of-Use-Assets $	Lease Liabilities $
Current portion of lease liabilities	-	94,305
Long-term portion of lease liabilities	-	59,610
Balance, as at December 31, 2024	-	153,915

During the year ended December 31, 2024, the Company made $124,820 (2023 - $93,110) of variable lease payments consisting of property maintenance expenses. In addition to basic rent, the Company pays monthly property maintenance expenses during the term of the office leases. All of these costs are recognized in general and administration expenses.

(Expressed in Canadian dollars)

8. CONVERTIBLE DEBENTURES

On November 17, 2023, the Company closed 2,355 Convertible Debenture units, on December 20, 2023, 645 units, on May 30, 2024, 775 units and on July 15, 2024, 300 units (collectively, the "Units") at a price of $1,000 per Unit for aggregate gross proceeds of $4,075,000 pursuant to its non-brokered private placements (the "Placement"). The Company incurred a total of $209,458 in transaction costs in connection with the Placement.

Each Unit consists of $1,000 in principal amount of unsecured convertible debenture (a "Debenture") and 1,000 common share purchase warrants (a "Warrant"). Each Warrant is exercisable to purchase one common share at a price of $0.55 for a period of 24 months after closing.

The Debentures have a term of 24 months from date of issuance and will accrue interest at a rate of 14% per annum, payable in arrears on a semi-annual basis, and on maturity. After 12 months from date of issuance, the Company may, subject to the prior approval of the TSX Venture Exchange (the "Exchange"), elect to pay outstanding interest in common shares ("Interest Shares") at a price per share equal to the greater of (i) the volume weighted average price of the common shares on the Exchange for the five (5) trading days prior to the date such interest is due, and (ii) the Discounted Market Price (as defined by the Exchange) at that time.

The Debentures are convertible at the option of the holder into common shares at a price of $0.55 per common share. After four (4) months from date of issuance, the Company may redeem the Debentures in whole or in part by payment of 115% of the principal amount being redeemed, in cash, together with payment of any accrued but unpaid interest on the principal amount being redeemed, in cash or Interest Shares or a combination thereof.

For accounting purposes, the Debenture is a compound financial instrument that contains both liability and equity components (i.e. an embedded derivative that meets the definition of equity). The Company designated the Debentures upon initial recognition as fair value through profit and loss ("FVTPL") and accordingly recorded their fair values upon initial recognition and at December 31, 2024. Upon initial recognition, the fair value of the financial liability element and equity components of the proceeds received from the issuance of the Debentures is as follows:

	May 30, 2024	**July 15, 2024**	**Total 2024**	**Total 2023**
Debenture liability (at FVTPL)	$640,460	$248,782	$889,242	$2,401,848
Conversion feature – equity	72,247	16,847	89,094	389,990
Warrants – equity	62,293	34,371	96,664	208,162
	134,540	51,218	185,758	598,152
Total	$775,000	$300,000	$1,075,000	$3,000,000

Upon initial recognition, Debenture transaction costs have been allocated using the relative gross proceeds as follows:

	May 30, 2024	**July 15, 2024**	**Total 2024**	**Total 2023**
Debenture liability (at FVTPL)	$25,238	$13,072	$38,310	$130,524
Conversion feature – equity	2,847	885	3,732	21,210
Warrants – equity	2,455	1,806	4,261	11,422
	5,302	2,691	7,993	32,632
Total	$30,540	$15,763	$46,303	$163,156

(Expressed in Canadian dollars)

8. CONVERTIBLE DEBENTURES (continued)

The fair value of convertible debentures allocated to equity, net of transaction costs, were as follows:

	May 30, 2024	July 15, 2024	Total 2024	Total 2023
	$72,247	$16,847	$89,094	$389,990
	(2,847)	(885)	(3,732)	(21,210)
Conversion feature – equity	69,400	15,962	85,362	368,780
	62,293	34,371	96,664	208,162
	(2,455)	(1,806)	(4,261)	(11,422)
Warrants – equity	59,838	32,565	92,403	196,740
Total	$129,238	$48,527	$177,765	$565,520

Transaction costs allocated to the debenture liability have been recorded as an expense in the income statement, whereas transaction costs allocated to the equity components have been recorded as a reduction in equity.

The fair value of the Debentures is based on binomial lattice methodology with the following inputs and assumptions:

Instrument	Valuation Date	Stock price	Expected volatility	Discount Rate	Risk-free rate	Term (years)
November 17, 2023	November 17, 2023	$0.36	85%	22.0%	4.3%	2.00
November 17, 2023	December 31, 2023	$0.30	90%	19.7%	3.8%	1.88
December 20, 2023	December 20, 2023	$0.30	85%	20.9%	3.7%	2.00
December 20, 2023	December 31, 2023	$0.30	85%	20.3%	3.7%	1.97

Instrument	Valuation Date	Stock price	Expected volatility	Discount Rate	Risk-free rate	Term (years)
November 17, 2023	December 31, 2024	$0.42	58.5%	19.8%	3.1%	0.88
December 20, 2023	December 31, 2024	$0.42	58.5%	19.8%	3.1%	0.97
May 30, 2024	December 31, 2024 and May 30, 2024	$0.42 – and $0.33	56.3% and 59.4%	19.8% and 21.5%	3.0% and 4.3%	1.41 and 2.00
July 15, 2024	December 31, 2024 and July 15, 2024	$0.42 –and $0.27	56.3% and 60.0%	19.8% and 21.7%	3.0% and 3.8%	1.54 and 2.00

(Expressed in Canadian dollars)

8. CONVERTIBLE DEBENTURES (continued)

During the year ended December 31, 2024, the Company recognized a loss of $456,153 (2023 - $159,836) in the income statement due to a change in the fair value of the Debentures. During the year ended December 31, 2024, the Company paid $279,118 (2023 - $nil) in cash for interest and issued 714,555 shares for $164,850 interest in lieu of a cash payment (see notes 9 and 10).

The following table presents the change in Debentures.

Balance, December 31, 2022	$ -
Fair value at issuances during the year	2,401,848
Increase in fair value during the year	159,836
Balance, December 31, 2023	2,561,684
Fair value issuance during the period	889,242
Increase in fair value during the period	456,153
Balance, December 31, 2024	$ 3,907,079

	Convertible Debentures $
Current portion of convertible debentures	2,884,937
Long-term portion of convertible debentures	1,022,142
Balance, as at December 31, 2024	3,907,079

A director of the Company and a company controlled by a director acquired ownership or control of 545 Units, and which if immediately converted and exercised respectively as of closing, would result in the issue of 1,535,908 common shares of the Company.

In connection with the issuance of convertible debentures, the movements in the Company's deferred tax balance in the year is as follows:

December 31, 2022	$ -
Recognized in equity	161,501
Recognized in income tax recovery	(161,501)
December 31, 2023	-
Recognized in equity	50,155
Recognized in income tax recovery	(50,155)
December 31, 2024	$ -

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS

Transactions with related parties are measured at the exchange amount established and agreed to by the related parties. Key Management personnel include the Chief Executive Officer, former Chief Executive Officer the former President and interim Chief Executive Officer, the Executive Vice President and Chief Strategy Officer, the Chief Operating Officer, the Chief Financial Officer, the former Executive Vice President, Supply, Origination and Business Development, the Vice President Corporate Finance, and the Directors.

	Year ended December 31,	
	2024	**2023**
	$	**$**
Salaries to Key Management personnel	1,336,431	1,793,121
Financial consulting fees to company controlled by a Director	32,500	44,500
Share-based payments to Key Management personnel	73,074	1,392,766
Total	1,442,005	3,230,387

Included in accounts payable as at December 31, 2024 is $7,500 (December 31, 2023 - $31,215) of directors' fees, $30,800 (December 31, 2023 - $2,625) of financial consulting fees payable to a former officer and a director and $1,153 (December 31, 2023 - $30,061) of expense reimbursements payable to an officer.

Included in accrued liabilities as at December 31, 2024 is $18,750 (December 31, 2023 - $nil) of net salary payable to an officer and $22,685 (December 31, 2023 - $21,280) of financial advisory consulting fees payable to a former director. Included in accrued liabilities as at December 31, 2024 is $14,240 (December 31, 2023 - $1,858) of interest payable for convertible debentures to a director and a company controlled by the director.

On October 24, 2024, the Company closed the initial tranche of a non-brokered private placement financing of 2,650,000 units of the Company at a price of $0.20 per unit for gross proceeds of $530,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of $0.30 per share until October 24, 2027. If, at any time after February 25, 2025, the common shares of the Company trade or close on the TSX Venture Exchange at a price of $0.45 or more for 10 consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice via news release, and thereafter the warrants shall automatically expire on the date that is 30 days after such news release or on such later date as may be specified in the news release. In connection with the closing of the private placement, the Company paid aggregate cash finders' fees of $12,750 for subscriptions processed through arm's length brokerage houses. Related parties of the Company purchased 625,000 Units.

On December 18, 2024, the Company issued 30,342 common shares in lieu of $7,000 cash interest to a company controlled by director at a price of $0.2307 per share to pay the semi-annual interest payment due in the amount of $7,000 on its convertible debentures.

During the year ended December 31, 2024, the Company made cash payments of $31,956 to a director and a company controlled by the director to pay the semi-annual interest payment due on its convertible debentures.

A director of the Company and a company controlled by the director acquired ownership or control of 545 Units (see note 8), and which if immediately converted and exercised respectively as of closing, would result in the issue of 1,535,908 common shares of the Company.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (continued)

The following options that were granted to officers and directors expired unexercised:

Number of options expired unexercised	Exercise price per share	Expiry Date
2,000,000	$0.63	February 2, 2023
1,080,000	$0.70	March 13, 2023
750,000	$0.85	March 19, 2023
2,200,000	$0.80	April 1, 2023
600,000	$1.23	August 25, 2023
600,000	$1.79	September 20, 2023
600,000	$1.69	October 7, 2023
675,000	$1.77	January 10, 2024
200,000	$1.64	April 19, 2024

The following stock options were granted to related parties:

Date of grant	Number of options granted	Exercise price per share	Expiry Date	Terms
February 6, 2023	2,000,000	$0.77	February 6, 2028	Stock options granted to directors that vest 90 days from date of grant.
July 17, 2023	500,000	$0.75	July 17, 2028	Stock options granted to an officer, 250,000 of which vest upon signing of a base oils offtake agreement, 125,000 of which vest on July 17, 2024 and 125,000 of which vest on July 17, 2025.
August 29, 2023	6,480,000	$0.75	August 29, 2028	Stock options granted to directors and officers that vest 90 days from date of grant.
October 24, 2024	1,350,000	$0.20	October 24, 2026	Stock options granted to officers that vest on January 1, 2025.

On December 2, 2024, 6,500,000 stock options were granted to an officer with an exercise price of $0.28 and an expiry date of December 2, 2029. These stock options vest over three years at 33.3% per year and vesting may be accelerated based on achievement of performance milestones set by the Company's board. These stock options are subject to approval by the Company's shareholders at the annual general meeting and the TSX Venture Exchange which approval was received on February 18, 2025 and March 24, 2025, respectively.

On May 17, 2024, the following unvested stock options were forfeited due to the resignation of an officer:

Date of grant	Number of options granted	Exercise price	Expiry date	Terms
July 17, 2023	500,000	$0.75	July 17, 2028	Stock options granted to an officer, 250,000 of which vest upon signing of a base oils offtake agreement, 125,000 of which vest on July 17, 2024 and 125,000 of which vest on July 17, 2025 (note 10(c)).

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (continued)

In addition to the related party transactions noted above, the Company reimbursed all these related parties for out-of-pocket direct costs incurred on behalf of the Company. Such costs include travel, postage, courier charges, printing and telephone charges.

10. SHARE CAPITAL

(a) Authorized: Unlimited common shares without par value
Unlimited number of preferred shares without par value

(b) Issued and outstanding:

	Number of common shares	$
December 31, 2022	114,463,045	98,689,674
Issuance of units	3,692,502	2,473,976
Exercise of options	200,000	193,721
Share issuance costs	-	(36,587)
December 31, 2023	118,355,547	101,320,784
Issuance of share capital	714,555	246,521
Issuance of units	4,450,000	850,250
Share issuance costs	-	(52,498)
December 31, 2024	123,520,102	102,365,057

On October 24, 2024, the Company closed the initial tranche of a non-brokered private placement financing of 2,650,000 units of the Company at a price of $0.20 per unit for gross proceeds of $530,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of $0.30 per share until October 24, 2027. If, at any time after February 25, 2025, the common shares of the Company trade or close on the TSX Venture Exchange at a price of $0.45 or more for 10 consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice via news release, and thereafter the warrants shall automatically expire on the date that is 30 days after such news release or on such later date as may be specified in the news release. In connection with the closing of the private placement, the Company paid aggregate cash finders' fees of $12,750 for subscriptions processed through arm's length brokerage houses.

On November 22, 2024, the Company closed the final tranche of a non-brokered private placement financing of 1,800,000 units of the Company at a price of $0.20 per unit for gross proceeds of $360,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of $0.30 per share until November 22, 2027. If, at any time after March 23, 2025, the common shares of the Company trade or close on the TSX Venture Exchange at a price of $0.45 or more for 10 consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice via news release, and thereafter the warrants shall automatically expire on the date that is 30 days after such news release or on such later date as may be specified in the news release. In connection with the closing of the private placement, the Company paid aggregate cash finders' fees of $7,000 for subscriptions processed through arm's length brokerage houses.

On an aggregate basis, across the initial and final tranche of the non-brokered private placement, the Company issued 4,450,000 units for gross proceeds of $890,000.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

(b) Issued and outstanding (continued):

On December 18, 2024, the Company issued 714,555 common shares at a price, based on the volume weighted average price of the common shares on the Exchange for the five trading days prior to the date such interest was due, of $0.2307 per share to pay the semi-annual interest payment due in the amount of $164,850 on its convertible debentures. The fair value of the shares issued on December 18, 2024 was $0.3450 per share, and therefore, the Company recognized a loss on debt settlement of $81,671 (2023 - $nil) for the year ended December 31, 2024.

On March 16, 2023, the Company closed a non-brokered private placement financing (the "Offering"). The Company issued an aggregate of 3,692,502 units (the "Units") of the Company at a price of $0.75 per Unit for gross proceeds of $2,769,376. Pursuant to the Offering, each Unit consists of one common share of the Company and one-half of one common share purchase warrant (note 10(d)). Each whole warrant is exercisable at a price of $1.25 per share until March 16, 2025. In connection with the closing of the Offering, the Company paid aggregate cash finders' fees of $3,330 for subscriptions processed through arm's length brokerage houses.

The Company also issued common shares for the following:

Date	Gross proceeds received	Shares issued	Exercise price per share	Description
January 2023	$126,000	200,000	$0.63	Exercise of 200,000 stock options

(c) Stock Options and Share-Based Payments

On November 28, 2024, the Company put in place LTIP which is a 20% fixed plan and authorizes the Company's board to grant, to the Company's directors, officers, employees, management company employees and consultants, Options, RSU's, PSU's, DSU's, and/or SAR's to acquire up to 24,561,109 shares of the Company. The LTIP replaces the Company's stock option plan and was approved by the Company's shareholders on February 18, 2025 and the TSX Venture Exchange on March 24, 2025.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

(c) Stock Options and Share-Based Payments (continued)

Stock options granted during the year ended December 31, 2024 and December 31, 2023, were as follows:

Date of grant	Number of options granted	Exercise price	Expiry date	Terms
February 6, 2023	2,000,000	$0.77	February 6, 2028	Stock options granted to directors that vest 90 days from date of grant (note 9).
July 17, 2023	500,000	$0.75	July 17, 2028	Stock options granted to an officer, 250,000 of which vest upon signing of a base oils offtake agreement, 125,000 of which vest on July 17, 2024 and 125,000 of which vest on July 17, 2025 (note 9).
August 29, 2023	6,810,000	$0.75	August 29, 2028	Stock options granted to directors, employees and non-employees that vest 90 days from date of grant (note 9).
October 24, 2024	1,450,000	$0.20	October 24, 2026	Stock options granted to employees that vest on January 1, 2025.

On December 2, 2024, 6,500,000 stock options were granted to an officer with an exercise price of $0.28 and an expiry date of December 2, 2029. These stock options vest over three years at 33.3% per year and vesting may be accelerated based on achievement of performance milestones set by the Company's board. These stock options are subject to approval by the Company's shareholders at the annual general meeting and the TSX Venture Exchange which approval was received on February 18, 2025 and March 24, 2025, respectively.

The aggregate fair value of the stock options granted during the year ended December 31, 2024 was $99,146 (2023 - $1,364,733), respectively. The fair value of the stock options granted to employees and directors was estimated at the grant date using the Black-Scholes Option Pricing Model. In some cases, the Company is unable to reliably estimate the fair value of the goods and services received for stock options granted to non-employees because the fees charged by those non-employees are at market rates with no allowance for stock options granted. In these cases, the Company estimated the fair value of the stock options granted to those non-employees using the Black-Scholes Option Pricing Model.

The inputs for the Black-Scholes Option Pricing Model are as follows:

	Year ended December 31,	
Inputs	**2024**	**2023**
Risk free interest rate	3.07%	3.90% - 4.74%
Expected dividend yield	Nil	Nil
Expected annual volatility	92%	75% - 99%
Expected life	2 years	1.96 - 5 years
Forfeiture rate	23%	0% - 15%

On May 17, 2024, the following unvested stock options were forfeited due to the resignation of an officer:

Date of grant	Number of options granted	Exercise price	Expiry date	Terms
July 17, 2023	500,000	$0.75	July 17, 2028	Stock options granted to an officer, 250,000 of which vest upon signing of a base oils offtake agreement, 125,000 of which vest on July 17, 2024 and 125,000 of which vest on July 17, 2025 (note 9).

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

(c) Stock Options and Share-Based Payments (continued)

A summary of the status of the Company's stock options as at December 31, 2024 and changes during the period are as follows:

	Number of options	Weighted average exercise price $
Outstanding – December 31, 2022	10,167,000	1.02
Options granted	9,310,000	0.75
Options - exercised	(200,000)	0.63
Options - expired	(8,892,000)	0.94
Outstanding – December, 2023	10,385,000	0.86
Options granted	7,950,000	0.27
Options - expired	(1,075,000)	1.75
Options - forfeited	(500,000)	0.75
Outstanding – December 31, 2024	16,760,000	0.52

The following stock options were outstanding as at December 31, 2024:

Number of options	Exercise price per option $	Expiry date
1,450,000	0.20	October 24, 2026
2,000,000	0.77	February 6, 2028
6,810,000	0.75	August 29, 2028
6,500,000	0.28	December 2, 2029
16,760,000		

The Company has the following stock options outstanding and exercisable:

December 31, 2024				
Options Outstanding			Options Exercisable	
Number of options at December 31, 2024	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price $	Number of options at December 31, 2024	Weighted Average Exercise Price $
16,760,000	3.92	0.52	8,810,000	0.75

December 31, 2023				
Options Outstanding			Options Exercisable	
Number of options at December 31, 2023	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price $	Number of options at December 31, 2023	Weighted Average Exercise Price $
10,385,000	4.08	0.86	9,885,000	0.85

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

(d) Warrants

On October 24, 2024, the Company closed the initial tranche of a non-brokered private placement financing of 2,650,000 units of the Company at a price of $0.20 per unit for gross proceeds of $530,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of $0.30 per share until October 24, 2027. If, at any time after February 25, 2025, the common shares of the Company trade or close on the TSX Venture Exchange at a price of $0.45 or more for 10 consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice via news release, and thereafter the warrants shall automatically expire on the date that is 30 days after such news release or on such later date as may be specified in the news release. The Company used the residual value method to allocate the cash consideration received. Of the total proceeds, $490,250 was allocated to the shares being the fair value based on the trading price as at October 24, 2024 of the shares ($0.185 per share) and the residual of $39,750 was allocated to the warrants.

On November 22, 2024, the Company closed the final tranche of a non-brokered private placement financing of 1,800,000 units of the Company at a price of $0.20 per unit for gross proceeds of $360,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of $0.30 per share until November 22, 2027. If, at any time after March 23, 2025, the common shares of the Company trade or close on the TSX Venture Exchange at a price of $0.45 or more for 10 consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice via news release, and thereafter the warrants shall automatically expire on the date that is 30 days after such news release or on such later date as may be specified in the news release. The Company used the residual value method to allocate the cash consideration received. Of the total proceeds, $360,000 was allocated to the shares being the fair value based on the trading price as at November 22, 2024 of the shares ($0.27 per share) and the residual of $nil was allocated to the warrants.

On March 16, 2023, the Company closed the Offering. The Company issued an aggregate of 3,692,502 units (the “Units”) of the Company at a price of $0.75 per Unit for gross proceeds of $2,769,376. Pursuant to the Offering, each Unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable at a price of $1.25 per share until March 16, 2025. The Company used the residual value method to allocate the cash consideration received. Of the total proceeds, $2,473,976 was allocated to the shares being the fair value based on the trading price as at March 16, 2023 of the shares ($0.67 per share) and the residual of $295,400 was allocated to the warrants.

In connection with the Placement, the Company issued 4,075,000 Warrants (see note 8).

A summary of the status of the Company’s warrants as at December 31, 2024 and 2023 and changes during the period are as follows:

	Number of Warrants outstanding	Weighed average exercise price $
Outstanding – December 31, 2022	-	-
Warrants granted	4,846,251	0.82
Outstanding – December 31, 2023	4,846,251	0.82
Warrants granted	5,525,000	0.35
Outstanding – December 31, 2024	10,371,251	0.57

10. SHARE CAPITAL (continued)

(e) Reserves

Contributed surplus
Share-based payments and warrant values, if any, are recognized in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount in contributed surplus is reclassified to share capital, adjusted for any consideration paid.

Accumulated other comprehensive income
Unrealized gain on investments is classified as fair value changes through other comprehensive income. Financial assets classified as fair value changes through other comprehensive income are measured at fair value with unrealized gains and losses being recognized in other comprehensive loss.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value of Financial Instruments

The Company's financial instruments at December 31, 2024 include cash, accounts receivable, investments, accounts payable, accrued liabilities and Debentures.

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximates their carrying value due to their immediate or short-term nature, unless otherwise noted. The fair value of the Coppermoly Limited ("COY") shares was based on the closing prices of those shares on Australian Stock Exchange. The value of the Debentures is carried at their fair values.

Fair Value Hierarchy

Financial instruments recorded at fair value in the Consolidated Statements of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

Level 1 – Quoted market price in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices)

Level 3 – Inputs for the assets or liabilities are not based on observable market data

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the highest level of the hierarchy for which a significant input has been considered in measuring fair value. The Company's cash, accounts receivable, investment in Coppermoly Ltd., accounts payable and accrued liabilities in the Consolidated Statement of Financial Position as at December 31, 2024 and December 31, 2023 are recorded at fair value and classified as Level 1. The following table presents the change in Debentures (note 8) that are classified as Level 3 and recorded at fair value in the Consolidated Statement of Financial Position.

Balance, December 31, 2022	$ -
Fair value at issuances during the year	2,401,848
Increase in fair value during the year	159,836
Balance, December 31, 2023	2,561,684
Fair value at issuances during the period	889,242
Increase in fair value during the period	456,153
Balance, December 31, 2024	$ 3,907,079

The fair value of the Debentures is dependent on the credit spread between the market rate of interest and fixed rate of interest on the Debentures. A 5% change in the credit spread would affect income (loss) before tax by up to $161,200.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk – is the risk of a financial loss to the Company if a counterparty fails to meet its contractual obligations. The Company's cash is largely held in a Canadian financial institution and management believes that the credit risk with respect to financial instruments recorded in the Consolidated Statement of Financial Position at December 31, 2024 is minimal. The Company's accounts receivable consists of amounts receivable from the government. Management believes that the credit risk with respect to accounts receivable is minimal.

Currency risk – currency risk arises due to fluctuations in the exchange rates. The Company's equity financings are sourced in Canadian dollars and the majority of expenditures are expected to be incurred in US dollars. As at December 31, 2024, the Company's holdings in foreign currencies are not material and exposure to currency risk is minimal.

Interest rate risk – is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest income is subject to bank deposit interest rates. During the year ended December 31, 2024, the Company received $35,370 of interest income from banks. A 1% change in interest rate would affect income (loss) before tax of approximately $2,000.

Liquidity risk – is the risk that the Company will be unable to meet its obligations as they become due. The Company manages its liquidity risk by implementing a budget, forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at December 31, 2024, the Company had $280,212 in cash, $3,932,836 in current liabilities and $1,090,258 in non-current liabilities.

The Company's current liabilities arose as a result of corporate expenses and accruals. Payment due dates for corporate expenses varies from invoice date to between 30 and 60 days from date of the invoices.

Price risk – the Company is exposed to price risk with respect to commodity and equity pricing, and the investment in COY. The Company is exposed to changes in market prices and a sensitivity analysis suggests that

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a 10% change in COY share prices would affect other comprehensive income or loss by approximately $5,000 before tax.

12. CAPITAL MANAGEMENT

The Company manages its capital structure, being its share capital, and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Company had share capital of $102,365,057 and $1,090,258 of non-current liabilities as at December 31, 2024. 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. Planning, annual budgeting, cash flow forecasting and implementing controls over major investment decisions are primary tools used to manage the Company's capital.

The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest-bearing investments with maturities of three months or less which can be liquidated at any time without penalties.

The Company currently has no source of revenues. As such, the Company is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

13. COMMITMENTS AND CONTINGENCIES

The Company has engaged Raymond James & Associates Inc. ("Raymond James"), a subsidiary of Raymond James Financial, Inc. to assist the Company in identifying and pursuing project-level acquisition opportunities and may provide other financial advisory services in connection with such acquisitions as requested by the Company and to act as an initial purchaser or placement agent to the Company for debt instruments or debt obligations issued by the Company to finance the Company's Texas recycling project. The placement of these debt instruments may include the participation of commercial lenders and/or certain United States governmental agencies. The Company is obligated to reimburse expenses incurred by Raymond James for its services. In addition, the Company is obligated to pay US$100,000 if the Company terminates this agreement after Raymond James completes an application for financing with certain United States governmental agencies but prior to closing.

The Company has engaged National Bank Financial Inc. to provide financial advisory and investment banking services in support of existing and proposed project-level financing structures, National Bank Financial Inc. will also advise and assist the Company with the evaluation and execution of other strategic opportunities. The Company is obligated to reimburse expenses incurred by National Bank Financial Inc. for its services.

(Expressed in Canadian dollars)

13. COMMITMENTS AND CONTINGENCIES (continued)

The Company's commitments for leases and Debentures on a calendar year basis as at December 31, 2024 are provided in the table below.

	2025 $	2026 $	Total $
Office lease payments	99,459	55,488	154,947
Debentures	3,000,000	1,075,000	4,075,000
Total	3,099,459	1,130,488	4,229,947

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

14. SUPPLEMENTAL CASH FLOW INFORMATION

	Year ended December 31,	
	2024 **$**	**2023** **$**
Operating activities		
Interest income received from banks	35,370	65,760
Total lease receipts	263,121	66,362
Total lease payments paid	397,996	301,865

15. CHANGE IN ESTIMATE RELATING TO PROVISIONS FOR SERVICES

During the year ended December 31, 2024, the Company revised its previous estimate of amounts accrued for services from a third party in the amount of $1,022,625 based on changes in facts and circumstances.

16. INCOME TAX

(a) The reconciliation of the Canadian statutory income tax rates to the effective tax rates are as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Canadian statutory tax rate	27.00%	27.00%
Loss for the year before tax	$ (3,787,144)	$ (5,811,786)
Income tax recovery at statutory rates	(1,022,529)	(1,569,181)
Foreign rate differential	58,944	117,006
Non-deductible (taxable) items	173,645	484,756
Deferred tax assets not recognized – change	1,178,488	821,174
Adjustment in respect of prior years	(423,496)	2,915
Difference in foreign tax rates	-	-
Other	(15,207)	(18,171)
Deferred income tax recovery	$ (50,155)	$ (161,501)

(Expressed in Canadian dollars)

16. INCOME TAX (continued)

The Company is utilizing the combined federal and British Columbia income tax rate of 27% as the applicable Canadian statutory tax rate.

(b) Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits is dependent upon numerous factors, including the future profitability of operations in the jurisdictions in which the tax benefits arose.

The Company did not recognize deferred tax assets for the following deductible temporary differences:

	December 31, 2024	December 31, 2023
Non-capital losses	$ 41,250,593	$ 38,705,354
Other	23,020,175	20,541,917
	$ 64,270,768	$ 59,247,271

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2024	December 31, 2023
Deferred tax asset		
Non-capital loss	$ 45,339	$ 118,345
Property plant and equipment	35,043	-
Deferred tax liability		
Convertible debentures	(45,339)	(118,345)
Foreign exchange unrealized	(35,043)	-
Net deferred tax liability	$ -	$ -

Movements in the Company's deferred tax balance in the year is as follows:

December 31, 2022	$ -
Recognized in equity	161,501
Recognized in income tax recovery	(161,501)
December 31, 2023	-
Recognized in equity	50,155
Recognized in income tax recovery	(50,155)
December 31, 2024	$ -

(Expressed in Canadian dollars)

16. INCOME TAX (continued)

(c) The Company has approximately $2,723,000 of unclaimed resource expenses for Canadian income tax purposes which can be carried forward indefinitely and used to reduce taxable income in Canada.

As at December 31, 2024, the Company has the following net operating losses, expiring in various years to 2043 and available to offset future taxable income in Canada.

2031	$ 1,200,000
2032	2,268,000
2033	2,412,000
2034	2,040,000
2035	1,868,000
2036	1,516,000
2037	4,655,000
2038	8,875,000
2039	4,913,000
2040	4,591,000
2041	-
2042	2,607,000
2043	2,213,000
2044	2,092,000
	$41,250,000

17. SUBSEQUENT EVENTS

(a) On January 9, 2025, the Company issued 118,501 common shares at a price of $0.381 per common share to pay the semi-annual interest payment due in the amount of $45,150 on its convertible debentures. 8,267 common shares were paid to a director of the Company to pay the semi-annual interest in the amount of $3,150.

(b) On December 2, 2024, 6,500,000 stock options were granted under the LTIP to the Company's President and Chief Executive Officer. These stock options have an exercise price of $0.28, vest over three years at 33.3% per year and vesting may be accelerated based on achievement of performance milestones set by the Company's board. These stock options expire on December 2, 2029. The grant is subject to shareholder approval and the LTIP is subject to shareholder and TSX Venture Exchange approvals. Shareholder approvals for the grant and LTIP were obtained at the Company's annual general meeting on February 18, 2025 and the TSX Venture Exchange approval was obtained on March 24, 2025.

(c) The Company issued common shares for the following:

Date	Gross proceeds received	Shares issued	Exercise price per share	Description
January 2025 and February 2025	$330,000	1,100,000	$0.30	Exercise of 1,100,000 warrants. 500,000 warrants were exercised by a director of the Company.

(d) On March 16, 2025, 1,846,251 warrants at an exercise price of $1.25 per warrant expired unexercised.

(e) On March 22, 2025, the Company entered into an agreement with a third party to sell its land (note 4) for gross proceeds of $295,000 with a closing date of June 2, 2025 subject to certain closing conditions.

(f) On March 25, 2025, the Company granted 2,000,000 stock options to a consultant. The stock options have an exercise price of $0.25 per common share, vest subject to performance and time-based milestones and expire on March 25, 2030.

17. SUBSEQUENT EVENTS (continued)

(g) On April 3, 2025 and April 28, 2025, the Company and a director of the Company, entered into loan agreements whereby the director loaned an aggregate of $175,000 to the Company under an unsecured promissory note. The Company is obligated to repay the director $110,000 on or before July 3, 2025 and $82,500 on or before July 28, 2025.

(h) On April 28, 2025, 1,400,000 stock options were granted to directors and 75,000 to a non employee with an exercise price of $0.30 and an expiry date of April 28, 2030. These stock options vest 90 days after the grant date.