

GLOBAL BATTERY METALS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2024 AND 2023

(Expressed in Canadian Dollars, unless otherwise noted)

Independent Auditor's Report

To the Shareholders of:
GLOBAL BATTERY METALS LTD.

Opinion

We have audited the consolidated financial statements of Global Battery Metals Ltd. and its subsidiaries (collectively "the Company"), which comprise the consolidated statements of financial position as at April 30, 2024 and 2023 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2024 and 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability continue as a going concern.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended April 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a key audit matter to be communicated in our report.

Evaluation of Assessment of Impairment Indicators of Mineral Properties

As described in Note 5, the carrying value of the Company's mineral property interests and related deferred costs is \$6,983,452 as at April 30, 2024. Management assesses at each reporting period-end whether there is an indication that an asset or group of assets is impaired. If such indicator exists, the asset's recoverable amount is estimated. Assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash generating unit or CGU). An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Management applies significant judgement in order to assess whether indicators of impairment exist. Impairment indicators include internal and external factors, such as (i) evidence indicating that the Group's right to explore the area has expired or will expire in the near future, (ii) management does not have any plans to continue exploration expenditures, (iii) lack of evidence to support technical feasibility or commercial viability, and (iv) facts and circumstances

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that suggest that the carrying amount exceeds recoverable amount. No impairment indicators were identified by management as at April 30, 2024.

We considered this a key audit matter due to (i) the significance of the mineral properties and related deferred costs in the consolidated financial statements, (ii) the level of subjectivity required in applying audit procedures to assess the factors considered by management in its assessment of impairment indicators, and (iii) the significant auditor attention and audit effort the matter required.



Audit Response

We responded to this matter by performing procedures over management's assessment of indicators of impairment which included the following:

- Obtained, for a sample of claims, by reference to government registries, evidence to support the right to explore the area and claim expiration dates;
- Reviewed internal and external resources, such as current year exploration expenditures and planned work programs and budgets to evidence continued and planned exploration expenditures;
- Assessed the Company's market capitalization to net assets ratio at April 30, 2024; and
- Assessed whether there are facts and circumstances that could indicate that the carrying values of the exploration and evaluation assets may not be recoverable, based on evidence obtained in other areas of the audit.

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 will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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Chartered Professional Accountants

Vancouver, B.C.
August 27, 2024



GLOBAL BATTERY METALS LTD.
Consolidated Statements of Financial Position
As at April 30, 2024 and 2023
(Expressed in Canadian dollars)

	Note	2024 \$	2023 \$
ASSETS			
Current			
Cash		425,785	1,072,528
Receivables		46,800	12,001
Prepaid expenses and deposits		49,998	16,900
		522,583	1,101,429
Deposits		101,296	121,064
Mineral property interests	5	6,983,452	5,742,190
		7,607,331	6,964,683
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	2,381,580	353,078
EQUITY			
Share capital	7	17,407,083	16,352,855
Contributed surplus	7	3,117,631	3,108,269
Accumulated other comprehensive income		(157,380)	(164,371)
Deficit		(17,303,427)	(14,860,033)
Equity attributable to shareholders		3,063,907	4,436,720
Non-controlling interest		2,161,844	2,174,885
		5,225,751	6,611,605
		7,607,331	6,964,683

Nature of operations and going concern (Note 1)
Contingencies (Note 15)

Approved on behalf of the Board:			
"Alan Matthews"	Director	"Michael Murphy"	Director

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

GLOBAL BATTERY METALS LTD.**Consolidated Statements of Loss and Comprehensive Loss**

For the years ended April 30, 2024 and 2023

(Expressed in Canadian dollars)

	Note	2024	2023
		\$	\$
Business investigation costs		1,254,550	64,935
Consulting fees	9	33,078	38,094
Exploration costs	6,9	59,190	441,878
Investor relations		200,146	218,529
Management salaries and benefits	9	205,341	253,204
Office administration		175,406	191,669
Professional fees		330,445	167,817
Share-based payments	7,9	9,362	251,113
Shareholders' information		74,579	77,606
Loss for the year before other items		(2,342,097)	(1,704,845)
Write-off of mineral property interests		(120,058)	(12,608)
Loss on settlement of accounts payable		-	(16,000)
NET LOSS FOR THE YEAR		(2,462,155)	(1,733,453)
Other comprehensive income (OCI)			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translating foreign operation		12,711	429,594
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,449,444)	(1,303,859)
Net loss for the year attributable to:			
Shareholders of the Company		(2,443,394)	(1,715,471)
Non-controlling interest (NCI)		(18,761)	(17,982)
		(2,462,155)	(1,733,453)
Total comprehensive earnings (loss) for the year attributable to:			
Shareholders of the Company		(2,436,403)	(1,479,193)
Non-controlling interest (NCI)		(13,041)	175,334
		(2,449,444)	(1,303,859)
Loss per share			
Basic and diluted		(0.03)	(0.03)
Weighted average number of common shares outstanding			
Basic and diluted		77,960,473	63,839,765

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

GLOBAL BATTERY METALS LTD.
Consolidated Statements of Changes in Shareholders' Equity

For the years ended April 30, 2024 and 2023

(Expressed in Canadian dollars)

	Common Shares	Share Capital	Contributed Surplus	Accumulated other comprehensive income	Deficit	Non- Controlling Interest	Total
	#	\$	\$	\$	\$	\$	\$
Balance, April 30, 2022	56,100,989	15,019,263	2,849,426	(400,649)	(13,144,562)	1,999,551	6,323,029
Shares issued pursuant to							
Private placement	11,600,000	1,160,000	-	-	-	-	1,160,000
Share issue costs	-	(24,208)	7,730	-	-	-	(16,478)
Exercise of warrants	843,334	141,800	-	-	-	-	141,800
Settlement of accounts payable	400,000	56,000	-	-	-	-	56,000
Share-based compensation	-	-	251,113	-	-	-	251,113
Net loss	-	-	-	-	(1,715,471)	(17,982)	(1,733,453)
OCI	-	-	-	236,278	-	193,316	429,594
Balance, April 30, 2023	68,944,323	16,352,855	3,108,269	(164,371)	(14,860,033)	2,174,885	6,611,605
Shares issued pursuant to							
Private placement	9,090,910	1,000,000	-	-	-	-	1,000,000
Share issue costs	-	(9,551)	-	-	-	-	(9,551)
Shares issued for property	504,047	63,779	-	-	-	-	63,779
Share-based compensation	-	-	9,362	-	-	-	9,362
Net loss	-	-	-	-	(2,443,394)	(18,761)	(2,462,155)
OCI	-	-	-	6,991	-	5,720	12,711
Balance, April 30, 2024	78,539,280	17,407,083	3,117,631	(157,380)	(17,303,427)	2,161,844	5,225,751

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

GLOBAL BATTERY METALS LTD.**Consolidated Statements of Cash Flows**

For the years ended April 30, 2024 and 2023

(Expressed in Canadian dollars)

	2024	2023
	\$	\$
Cash flows from operating activities		
Net loss for the year	(2,462,155)	(1,733,453)
Adjustments for:		
Share-based payments	9,362	251,113
Write-off of mineral property interests	120,058	12,608
Shares for debt settlement	-	40,000
Loss on shares for debt settlement	-	16,000
Changes in non-cash working capital items:		
Receivables	(34,799)	(6,991)
Prepaid expenses and advances	(33,098)	43,009
Accounts payable and accrued liabilities	1,158,868	238,633
Net cash used in operating activities	(1,241,764)	(1,139,081)
Cash flows from investing activities		
Deposits	19,768	(74,294)
Mineral property acquisition costs	(415,308)	(437,779)
Net cash used in investing activities	(395,540)	(512,073)
Cash flows from financing activities		
Proceeds of shares issued	1,000,000	1,160,000
Share issuance costs	(9,551)	(16,478)
Proceeds from exercise of warrants	-	141,800
Net cash from financing activities	990,449	1,285,322
Foreign exchange on cash	112	20,107
CHANGE IN CASH FOR THE YEAR	(646,743)	(345,725)
Cash, beginning of the year	1,072,528	1,418,253
CASH, END OF THE YEAR	425,785	1,072,528

Supplemental cash flow information (Note 12)

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

GLOBAL BATTERY METALS LTD.
Notes to the Consolidated Financial Statements
For the years ended April 30, 2024 and 2023
(Expressed in Canadian dollars)

1. Nature of operations and going concern

The principal business activities of Global Battery Metals Ltd. (the “Company”) include the acquisition and exploration of mineral properties. The Company’s corporate head office is located at 1100-1199 West Hastings Street, Vancouver, British Columbia, Canada. The Company’s common shares are listed on the TSX Venture Exchange under the symbol GBML and the OTCQB under the symbol REZZF and the Frankfurt Stock Exchange under the symbol “REZ”.

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve profitable operations. The Company has sustained losses from operations and has an ongoing requirement for capital investment to acquire and explore its mineral properties.

The Company incurred a net loss of \$2,462,155 (2023 - \$1,733,453) during the year ended April 30, 2024, and as of that date, had an accumulated deficit of \$17,303,427 (2023 - \$14,860,033) and working capital deficiency of \$1,858,997 (2023 working capital of \$748,351). As at April 30, 2024, the Company had a total of \$522,583 (2023 - \$1,101,429) in current assets and \$nil (2023 - \$nil) in long term debt.

While the Company has been successful in obtaining the necessary financing to cover its corporate operating costs and advance the development of its projects through the issuance of common shares and the exercise of warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. There remain material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

2. Basis of presentation

These consolidated financial statements of the Company have been prepared in accordance with IFRS with interpretations of the International Financial Reporting Interpretations Committee. The consolidated financial statements have been prepared under the historical cost convention.

These consolidated financial statements were approved by the board of directors on August 27, 2024.

3. Material accounting policies

Basis for consolidation

These consolidated financial statements include the results of the Company and its subsidiaries. The results of each subsidiary are included in the consolidated financial statements of the Company until the date that the Company’s control over the subsidiary ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

Details of the Company’s subsidiaries are as follows:

Name	Country of incorporation	Percentage owned April 30,	
		2024	2023
Compania Minera Oyamel, S.A de C.V	Mexico	100%	100%
Minas Dixon S.A (“Minas Dixon” or “Minas”)	Peru	55%	55%
Michigan Battery Metals LLC	USA	100%	100%
Utah Lithium LLC	USA	100%	100%

Intercompany balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

GLOBAL BATTERY METALS LTD.
Notes to the Consolidated Financial Statements
For the years ended April 30, 2024 and 2023
(Expressed in Canadian dollars)

Recognition of financial instruments

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition of financial assets and liabilities

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

GLOBAL BATTERY METALS LTD.
Notes to the Consolidated Financial Statements
For the years ended April 30, 2024 and 2023
(Expressed in Canadian dollars)

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Foreign currencies

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, Global Battery Metals Ltd., is the Canadian dollar; the functional currency of the Company's subsidiary Compania Minera Oyamel, S.A de C.V is the Mexican Peso, the functional currency of the Company's 100% owned subsidiaries Michigan Battery Metals LLC and Utah Lithium LLC is the US dollar and the functional currency of the Company's subsidiary Minas Dixon S.A is the Peruvian Nuevo Sol. The presentation currency of the consolidated financial statements is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to the statement of loss.

The statement of financial position of each subsidiary is translated into the Canadian dollar presentation currency using the exchange rate at the statement of financial position date and the statement of operations is translated into Canadian dollars using the average exchange rate for the period. All gains and losses on translation from the functional currency to the presentation currency are recorded in other comprehensive income.

Mineral properties

The Company is in the exploration stage and all expenditures related to property acquisition costs are capitalized as mineral property interests. This includes payments relating to properties acquired under an option or joint venture agreement. The costs are capitalized until such time as the properties are put into commercial production, impaired, sold or abandoned. Mineral property option proceeds, if received, are credited against the capitalized mineral property interest for the property or properties being optioned. Under this method, the amounts shown as mineral property interests represent acquisition costs incurred to date less amounts recovered and/or written off, and do not necessarily represent present or future values.

Exploration and evaluation expenditures that are not acquisition costs but are attributable to a specific property are charged to operations as mineral property exploration costs. Exploration costs incurred prior to the Company acquiring the legal rights to a property are also charged to operations.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property interest has been determined, capitalized acquisition costs are reclassified to development properties. Exploration and evaluation assets are tested for impairment immediately prior to this reclassification. If the properties are put into production, the expenditures will be depleted using the unit of production basis. If the properties are impaired, sold or abandoned, the expenditures will be charged to operations in the respective period.

The recovery of mineral property interest acquisition costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and future profitable production or proceeds from disposition of such properties.

GLOBAL BATTERY METALS LTD.
Notes to the Consolidated Financial Statements
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(Expressed in Canadian dollars)

The Company's mineral property interests are reviewed for indications of impairment at each reporting period. If indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Impairment tests are performed on a cash generating unit basis. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and recognized in the consolidated statements of operations.

Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property. Such costs arising from the exploration or development work, decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of facts such as the life and nature of the asset and any exploration or operating license conditions.

Discount rates using a pre-tax rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using the unit-of-production method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company may in the future be affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation or environmental obligations as project site disturbance to date is minimal.

Share-based payments

The Company has established a stock option plan for the benefit of employees, officers, directors and consultants of the Company.

The grant date fair value of all stock options granted is recorded as a charge to operations and a credit to contributed surplus under the graded attribution method. The grant date fair value, as adjusted for the expected level of vesting of the options, is recorded over the vesting period. Any consideration received on the exercise of stock options together with the related portion of contributed surplus is credited to share capital. The grant date fair value of stock options is estimated using the Black-Scholes option pricing model.

Income tax

Income tax on the income or loss for the periods presented comprises current and deferred tax. Income tax is recognized in income or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is recorded using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to investments in subsidiaries, associates, and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and

GLOBAL BATTERY METALS LTD.
Notes to the Consolidated Financial Statements
For the years ended April 30, 2024 and 2023
(Expressed in Canadian dollars)

liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The Company has not recognized any deferred tax assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

For unit offerings, the proceeds from the issuance of units are allocated between common shares and common share purchase warrants using the residual method, allocating fair value first to the common shares and then to the share purchase warrants.

Earnings (loss) per share

Basic earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period. Diluted earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB. The following was adopted by the Group during the year.

IAS 1, Presentation of Financial Statements ("IAS 1") and IFRS Practice Statement 2, Making Materiality Judgements -Disclosure of Accounting Policies(the "Practice Statement"): In February 2021, the IASB issued amendments to IAS 1 and the Practice Statement to provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of materiality concept when making judgments about accounting policy disclosures. The adoption of these amendments did not have a material impact on the Consolidated Financial Statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"): In February 2021, the IASB issued amendments to IAS 8 – Definition of Accounting Estimates to help entities to distinguish between accounting policies and accounting estimates. The amendments clarify that accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty" and that a change in an accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The adoption of these amendments had no impact on the Consolidated Financial Statements.

New accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

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4. Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires estimates and judgments that affect the amounts reported in these consolidated financial statements. Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

Impairment

Management assesses mineral property interests for impairment when facts and circumstances suggest that the carrying amount of any such assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment. Management makes significant judgments in assessing whether certain factors would be considered an indicator of impairment, which includes the rights to explore in the specific area, the planned substantive expenditure on further exploration for and evaluation of mineral resources and whether sufficient data exists to indicate that extracting the resources will not be technically feasible or commercially viable. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs may not be recoverable and there is a risk that these costs may be written down in future periods.

5. Mineral property interests

Mineral property interests as at April 30, 2024 and 2023, and the changes for the year then then ended, are as follows:

	Lara \$	NWL Property \$	Lithium King \$	La Poile Lithium \$	Tancred \$	Central Project \$	Sawyer Camp \$	Total \$
Balance, April 30, 2022	4,196,925	451,126	207,147	31,550	-	8,176	12,608	4,907,532
Acquisition costs	-	302,601	-	135,178	-	-	-	437,779
Foreign exchange	409,487	-	-	-	-	-	-	409,487
Write off	-	-	-	-	-	-	(12,608)	(12,608)
Balance, April 30, 2023	4,606,412	753,727	207,147	166,728	-	8,176	-	5,742,190
Acquisition costs	-	1,343,753	26,637	33,330	25,000	-	-	1,428,720
Foreign exchange	12,600	-	-	-	-	-	-	12,600
Refund of permitting fees	-	-	-	(80,000)	-	-	-	(80,000)
Write off	-	-	-	(120,058)	-	-	-	(120,058)
Balance, April 30, 2024	4,619,012	2,097,480	233,784	-	25,000	8,176	-	6,983,452

Lara Property

On February 4, 2013, the Company completed the requirements of the Lara option agreement with Lara Exploration Ltd. ("Lara Exploration") and acquired 55% of Minas Dixon, the registered owner of the Lara property in southern Peru. Under the option agreement, a Joint Venture agreement was entered into with the 45% owner, Lara Exploration. The Lara property is subject to a payment of \$500,000 to a past owner at the start of commercial production.

On July 28, 2020, the Company entered into an Option Agreement ("Option Agreement"), together with Lara Exploration through Minas Dixon, for the sale of the Lara Property to Minsur S.A. The Company will retain a 0.75% Net Smelter Return ("NSR") royalty with Lara Exploration retaining the additional 0.75% NSR royalty. Under the terms of the Option Agreement the Company and Lara Exploration have granted Minsur S.A an exclusive option to acquire a 100% interest in the Lara Property by making staged cash payments of US\$5,759,000, to Minas Dixon based on the satisfaction of the below milestones.

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	Option Payments (US\$)
Payments received	
Upon Registration of the Agreement before Public Notary	59,000
One year from Registration of the Agreement	200,000
Milestones of potential future payments	
Approval of Environmental Study and Start of Work (“DIA-IA”)	200,000
One year from approval of the DIA-IA	300,000
Approval of Semi-Detailed Environmental Study (“EIA-SD”)	500,000
One year from approval of the EIA-SD	1,500,000
Upon transfer of Title	3,000,000
Total (US\$)	5,759,000

On July 21, 2020 and July 23, 2021, the Company received US\$59,000 and US\$200,000 (CAD - \$67,332 and \$242,064) respectively, related to the Option Agreement.

North West Leinster (“NWL”) Lithium Property

On April 21, 2020, the Company entered into an amended Letter of Intent (the “LOI”) with LRH Resources Ltd (LRHR), an arm’s length private company. The LOI re-defines the option agreement as previously announced on October 28, 2018, in which the Company has the option to acquire up to 90% of the North West Leinster Lithium Property in the Republic of Ireland.

The Company now has the right to exercise the following options:

- By spending €85,000 on exploration expenditures and up to €6,500 in license charges (completed), fees and rents to keep the property in good standing by October 12, 2022, an initial 17.5% interest can be acquired by providing notice to LRHR (“1st Option Notice”). On September 20, 2022, the Company elected to exercise the 1st Option.
- The Company can exercise the second option by spending €500,000 on expenditures within two years following receipt by LRHR of the 1st Option Notice and paying LRHR €50,000 in either cash or a combination of cash and common shares of the Company, at the option of the Company, of which at least €5,000 is payable in cash. Upon the above, a further 37.5% interest can be acquired by providing notice to LRHR (“2nd Option Notice”). The Company elected to exercise the second option on July 10, 2023. It paid €5,000 (CDN \$7,322) in cash and issued 385,000 common shares (valued at \$42,350).
- The Company can exercise the third option upon spending a further €1,000,000 on expenditures within two years following receipt by LRHR of the 2nd Option Notice and paying LRHR €200,000 in either cash or a combination of cash and common shares of the Company, at the option of the Company, of which at least €20,000 is payable in cash. Upon this, an additional 35% interest will be acquired by the Company.

Up to April 30, 2024 the Company has incurred a total of €1,371,135 (CAD - \$2,032,371) exploration expenditures, €15,000 (CAD - \$22,759) cash acquisition costs and issued 385,000 common shares valued at \$42,350 related to the NWL Lithium Property.

Lithium King Property

On April 5, 2021 the Company acquired, through staking, the Lithium King Property. It is located on the west side of the Great Salt Lake Basin in western Utah, adjacent to the community of Wendover, Utah.

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La Poile Lithium Project

On November 8, 2021, the Company entered into an option agreement to acquire up to 100% interest in the La Poile Lithium Project in Newfoundland, Canada.

Pursuant to the option agreement, in order to acquire the initial 51% interest, the Company will need to complete the following requirements cash payments and common share issuances. The common shares are to be valued at the closing price on the trading day prior to the date of issuance.

- Pay \$30,800 due within five business days of execution of the option agreement (paid);
- Pay \$20,000 (paid) and issue 119,047 common shares (issued and valued at \$21,429) on or before the first anniversary of the agreement;
- Pay \$30,000 and issue \$87,500 in common shares on or before the second anniversary of the agreement;
- Pay \$40,000 on or before the third anniversary of the agreement; and
- Issue \$187,500 in common shares.

In order to acquire an additional 24%, for a total of 75%, the Company must incur \$2,000,000 in exploration costs as defined in the agreement. The last 25% interest can be earned by paying cash of \$50,000 and issuing \$425,000 in common shares within 30 days of delivery of an economic technical report. The common shares are to be valued at the closing price on the trading day prior to the date of issuance.

The Company recorded a write-down of exploration and evaluation asset of \$120,058 during the year ended April 30, 2024 as the Company terminated the option agreement on October 24, 2023.

Tancred

The Company entered into a property option agreement with Tancred Resources Limited (“Tancred”) to earn up to a 100% interest in six claims in close proximity to the NWL Lithium Property.

The initial terms to earn a 25% interest (“First Interest”) is as follows:

- Pay \$25,000 in cash within 3 business days of the date of the property option agreement (“execution date”) (paid);
- Issue 500,000 common share purchase warrants with a strike price of \$0.30 within 18 months after the execution date;
- Issue common shares equal to \$75,000 in value within 18 months after the execution date;

The Second interest of an additional 25% can be earned by issuing common shares equal to \$200,000 value within 30 months after and execution date and the final Third Interest of an additional 49% can be earned by issuing common shares equal to \$300,000 value within 42 months from the execution date.

Central Project

On April 1, 2022 the Company was granted four surface and mineral leases covering 1,609 acres in the State of Michigan.

Sawyer Camp Property

On February 8, 2022, the Company signed an option and lease agreement on certain mineral rights for the Sawyer Camp in the Upper Peninsula region of the State of Michigan. On December 29, 2022, the Company announced it had discontinued exploration activities at Sawyer Camp and wrote off \$12,608 that had been capitalized during the year ended April 30, 2023.

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6. Exploration expenditures

During the year ended April 30, 2024, the Company incurred the following exploration and evaluation expenditures, which were expensed as incurred:

	Lithium King	Central Project	Total
	\$	\$	\$
Geological Consulting	17,411	-	17,411
Drilling	1,094	-	1,094
Licenses & Fees	33,482	6,661	40,143
Other	542	-	542
Total	52,529	6,661	59,190

During the year ended April 30, 2023, the Company incurred the following exploration and evaluation expenditures, which were expensed as incurred:

	Sawyer Camp	Lithium King	Central Project	Total
	\$	\$	\$	\$
Geological Consulting	18,414	45,920	45,281	109,615
Drilling	-	87,659	-	87,659
Licenses & Fees	1,846	20,137	-	21,983
Surveying	219,870	-	-	219,870
Other	-	2,751	-	2,751
Total	240,130	156,467	45,281	441,878

7. Share capital

a) Authorized and issued

Unlimited common shares, voting, without par value – 78,539,280 common shares issued as of April 30, 2024.

Year ended April 30, 2024

On May 11, 2023, the Company closed a non-brokered private placement financing issuing a total of 9,090,910 units at a price of \$0.11 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share at a price of \$0.15 for a period of two years from issuance. The Company applied the residual method approach and allocated a value of \$nil to the warrants. The Company incurred cash share issuance costs of \$9,551.

On July 17, 2023, the Company issued 119,047 shares fair market valued at \$21,429 as part of the acquisition agreement for the La Poile Lithium Project (Note 5).

On October 3, 2023, the Company issued 385,000 shares fair market valued at \$42,350 as part of the acquisition agreement for the NWL Lithium Property (Note 5).

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Year ended April 30, 2023

On September 7, 2022, the Company closed a non-brokered private placement financing issuing a total of 11,600,000 units at a price of \$0.10 per unit for gross proceeds of \$1,160,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share at a price of \$0.14 for a period of two years from issuance. The Company applied the residual attribution approach and allocated a value of \$nil to the warrants. The Company incurred cash share issuance costs of \$16,477. The Company issued 96,000 broker warrants in connection with the private placement. Each broker warrant is exercisable into one common share at an exercise price of \$0.14 for a period of two years from issuance. The broker warrants were attributed a value of \$7,731. The broker warrants were valued using the Black-Scholes pricing model using the following assumptions: Risk free rate – 3.23%; expected life – 2 years; expected volatility – 142%; expected forfeiture and dividends – nil.

During the year ended April 30, 2023, the Company entered into a shares for debt agreement with a vendor and issued a total of 400,000 shares to settle accounts payable of \$40,000. The fair value of the shares on the date of issuance was \$56,000 and a loss of \$16,000 was recorded on settlement of the accounts payable.

During the year ended April 30, 2023, a total of 593,334 warrants were exercised at \$0.18 for gross proceeds of \$106,800 and a total of 250,000 warrants were exercised at \$0.14 for gross proceeds of \$35,000.

b) Stock options

The balance of options outstanding and exercisable as at April 30, 2024 and April 30, 2023 and the changes for the years then ended are as follows:

	Number of options	Weighted average exercise price	Weighted average remaining life (years)
Balance, April 31, 2022	4,175,000	\$0.29	3.15
Granted	2,475,000	\$0.12	
Expired	(850,000)	\$0.24	
Balance, April 30, 2023	5,800,000	\$0.23	3.14
Expired	(615,000)	\$0.20	
Balance, April 30, 2024	5,185,000	\$0.23	2.50
Exercisable, April 30, 2024	5,185,000	\$0.23	2.50

At April 30, 2024, the Company had the following stock options outstanding:

Expiry Date	Number of options outstanding	Exercise Price	Weighted average remaining life (years)
January 9, 2025	75,000	\$0.13	0.70
March 31, 2025	100,000	\$0.18	0.92
September 27, 2025	385,000	\$0.10	1.41
April 7, 2026	2,325,000	\$0.37	1.94
September 14, 2027	2,300,000	\$0.12	3.38
	5,185,000	\$0.23	2.50

During the year ended April 30, 2024 the Company recorded share-based compensation expense of \$9,362 related to the 175,000 options granted during the year ended April 30, 2023 that were subject to their vesting terms.

During the year ended April 30, 2023, the Company granted 2,300,000 options that vested immediately. The fair value of the options granted was \$0.11 per option and the Company recorded share-based payments expense of \$245,661. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: Risk free rate - 3.23%; expected life – 5 years; expected volatility – 139%; expected forfeiture and dividends – nil.

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During the year ended April 30, 2023, the Company granted 75,000 options that were subject to vesting terms. The fair value of the options granted was \$0.09 per option and the Company recorded share-based compensation expense of \$3,638 during the year ended April 30, 2023. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: Risk free rate – 3.11%; expected life – 2 years; expected volatility – 140%; expected forfeiture and dividends – nil.

During the year ended April 30, 2023, the Company granted 100,000 options that were subject to vesting terms. The fair value of the options granted was \$0.08 per option and the Company recorded share-based compensation expense of \$1,814 during the year ended April 30, 2023. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: Risk free rate – 2.92%; expected life – 2 years; expected volatility – 86%; expected forfeiture and dividends – nil.

c) Warrants

The balance of warrants outstanding at April 30, 2024 and April 30, 2023 and the changes for the years then ended are as follows:

	Number of warrants	Exercise price	Weighted average remaining life (years)
Balance, April 30, 2022	8,668,767	\$0.15	0.57
Issued	11,696,000	\$0.14	
Exercised	(843,334)	\$0.17	
Expired	(8,075,433)	\$0.14	
Balance, April 30, 2023	11,446,000	\$0.14	1.36
Issued	9,090,910	\$0.15	
Balance, April 30, 2024	20,536,910	\$0.14	0.65

At April 30, 2024, the Company had the following warrants outstanding:

Expiry Date	Number of warrants outstanding	Exercise Price	Weighted average remaining life (years)
September 7, 2024	11,446,000	\$0.14	0.36
May 11, 2025	9,090,910	\$0.15	1.03
	20,536,910	\$0.14	0.65

8. Income taxes

The provision for income taxes reported differs from the amounts computed by applying the cumulative federal and provincial income tax rates to the net loss before tax provision due to the following:

	2024	2023
Statutory tax rate	27%	27%
Net loss for the year	(2,462,155)	(1,721,703)
Expected income tax-recovery	(665,000)	(465,000)
Difference in foreign tax rate	-	(1,000)
Non-deductible items	170,000	(7,000)
Change in unrecognized deductible temporary differences	495,000	473,000
Income tax expense	-	-

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Unrecognized deferred tax assets

Deferred tax assets have not been recognized for the following deductible temporary differences:

	2024	2023
	\$	\$
Share issuance costs	34,000	43,000
Non-Capital losses	11,244,000	9,550,000
Other assets	1,404,000	1,284,000
	12,682,000	10,877,000

The Company has available for deduction against future taxable income Canadian non-capital losses of approximately \$11,088,000. These losses, if not utilized, will expire between 2026 and 2043. The Company has available for deduction against future taxable income Peruvian tax losses of approximately \$156,000. These losses, if not utilized, will expire in various years between 2025 and 2028. The Company has US tax losses of \$nil. These losses carryforward indefinitely and can be used to shelter 80% of future taxable income. The potential benefit of these carry-forward non-capital losses and deductible temporary differences has not been recognized in these consolidated financial statements as it is not considered probable that sufficient future taxable profit in the same entity will allow the deferred tax asset to be recovered.

9. Related party transactions

Compensation paid or payable to Directors, the Chief Executive Officer and the Chief Financial Officer, for services provided during the years then ended April 30, 2024 and 2023 was as follows:

	2024	2023
	\$	\$
Management salaries and benefits	200,004	247,085
Business investigation costs	3,768	9,558
Consulting fees	32,202	35,892
Mineral property acquisition	10,330	7,787
Exploration costs	7,734	24,417
Share-based payments	-	242,990
	254,038	567,729

Related Parties' Participation in Private Placements

	Number of Units	Price	Proceeds
		\$	\$
May 2023 Private Placement			
Michael Murphy	1,000,000	0.11	110,000
Craig Roberts	2,000,000	0.11	220,000

Included in accounts payable and accrued liabilities at April 30, 2024 is \$4,083 (2023 - \$62,726) due to an officer of the Company. The amount owing is non-interest bearing and due on demand.

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10. Segmented information

The Company has one operating segment, which is mineral exploration and development. Geographic information related to the location of the Company's significant non-current assets as at April 30, 2024 and April 30, 2023 is as follows:

	2024	2023
	\$	\$
Non-current assets		
Ireland	2,122,481	753,727
Peru	4,619,012	4,606,412
North America	343,256	503,115
Total	7,084,749	5,863,254

11. Non-controlling interest

The Company owns a 55% controlling interest in Minas Dixon S.A; the remaining 45% is held by Lara Exploration and accounted for as a non-controlling interest. Financial information related to Minas Dixon S.A is as follows:

	2024	2023
	\$	\$
Current assets	168,320	209,900
Long term assets	4,619,012	4,606,412
Current liabilities	(950)	(948)
Due to Joint Venture partners	(1,128,328)	(1,125,250)
	2024	2023
	\$	\$
Net loss for the year	(41,693)	(39,965)
Other comprehensive income for the year	12,711	429,596
Comprehensive (loss) income for the year	(28,982)	389,631
Cash flows for the year:		
Cash flows used in operating activities	(39,004)	(42,652)
Net decrease in cash	(39,004)	(42,652)
Cash, beginning of year	207,214	229,756
Effect of foreign exchange rates on cash	110	20,110
Cash, end of year	168,320	207,214

12. Supplemental cash flow information

The non-cash financing and investing transactions for the year ended April 30, 2024 consisted of the following:

- Issuing 385,000 common shares valued at \$42,350 pursuant to the NWL Lithium property option agreement;
- Issuing 119,047 common shares (valued at \$21,429) pursuant to the La Poile option agreement; and
- \$869,633 (April 30, 2023 - \$nil) in accounts payable and accrued liabilities related to mineral property acquisition costs.

There were no non-cash financing and investing transactions for the year ended April 30, 2023.

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13. Financial instruments

Classification of financial instruments

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The Company classifies its cash and accounts payable and accrued liabilities as amortized cost. The fair value of these instruments approximates their carrying amounts due to their short-term to maturity.

Discussions of risks associated with financial assets and liabilities are detailed below:

Foreign currency risk

A portion of the Company's financial assets and liabilities are denominated in foreign currencies giving rise to risks from changes in foreign exchange rates. The Company is exposed to currency exchange rate risks to the extent of its activities in United States, Peru and Ireland. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

As at April 30, 2024, the Company has determined that a 5% change in the Canadian Dollar against the Euro, US dollars and Peruvian Nuevo Sol on financial assets and liabilities would result in an increase or decrease of approximately \$75,103 to net income and comprehensive income for the year ended April 30, 2024.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

The Company's liquidity requirements arise principally from the need to finance operating and exploration costs. The Company's approach to managing liquidity risk is to manage expenditures in a manner which ensures that it will have sufficient cash on hand to meet liabilities when due. The Company actively evaluates opportunities to minimize operating expenditures and plans its exploration activities to maintain liquidity. The Company's liabilities are all current and due in less than one year.

14. Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets. As at April 30, 2024, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any capital requirements imposed by a regulator.

15. Contingencies

The Company has approved a compensation package to the Chief Executive Officer ("CEO"). On the completion of a corporate acquisition ("transaction") with a fair market value of \$50,000,000 or more the CEO is entitled to a cash bonus equal to 0.4% of the fair market value of the transaction and a grant of options that is equal to 2% of the issued and outstanding common shares at the new proforma company at the time the agreement to complete the transaction is entered into. The employment agreement with the CEO has a twelve-month severance payment clause with a total maximum commitment of \$200,000.