Geomega Resources Inc.

Consolidated Financial Statements

For the years ended May 31, 2024 and 2023

Independent Auditor's Report

To the Shareholders of Geomega Resources Inc.:

Opinion

We have audited the consolidated financial statements of Geomega Resources Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2024 and May 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years 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 consolidated financial position of the Company as at May 31, 2024 and May 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits 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.

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 of the current period. We have determined that there are no 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 audits 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 audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 International Financial Reporting 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 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Anand Beejan..

MNP LLP

Ottawa, Ontario	Chartered Professional Accountants
August 21, 2024	Licensed Public Accountants

Geomega Resources Inc.
Consolidated Statements of Financial Position
For the years ended May 31, 2024 and 2023
(in Canadian Dollars)

	Note	As at May 31, 2024	As at May 31, 2023
		$	$
Assets			
Current assets			
Cash and cash equivalents	5	2,051,333	3,799,111
Accounts receivable	8	814,413	594,963
Tax credits and government grants receivable	9	1,224,420	453,376
Investments	6	22,000	522,000
Investment in a listed company	7	74,665	67,574
Prepaid expenses and others	10	331,227	56,051
Inventories		21,759	18,561
Current assets		4,539,817	5,511,636
Non-current assets			
Investment in an associate	11	421,429	842,857
Deposits on equipment		191,602	283,559
Property, plant and equipment	12	753,674	427,893
Right-of-use assets	13	2,011,755	2,298,752
Non-current assets		3,378,460	3,853,061
Total assets		**7,918,277**	**9,364,697**
Liabilities			
Current liabilities			
Trade and other payables		801,124	626,007
Deferred revenue		217,297	338,668
Deferred grants	14	1,051,542	680,650
Current portion of the long-term debt	16	-	76,809
Current portion of the lease obligations	15	18,343	74,646
Current liabilities		2,088,306	1,796,780
Non-current liabilities			
Lease obligations	15	2,222,485	2,289,819
Non-current liabilities		2,222,485	2,289,819
Total liabilities		**4,310,791**	**4,086,599**
Equity			
Share capital	17	38,778,372	38,515,697
Reserves	18	990,705	1,152,537
Contributed surplus		4,775,095	4,524,149
Deficit		(40,936,686)	(38,914,285)
Total equity		**3,607,486**	**5,278,098**
Total liabilities and equity		**7,918,277**	**9,364,697**

The accompanying notes are an integral part of these consolidated Financial Statements.

On behalf of the Board

(s) Kiril Mugerman	*(s) Gilles Gingras*
Kiril Mugerman	Gilles Gingras
Director	Director

Geomega Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended May 31, 2024 and 2023
(in Canadian Dollars, except number of common shares)

	Note	2024	2023
		$	$
Operating expenses			
Exploration and evaluation expenses, net of tax credits	22	297,436	72,728
Research and development expenses, net of tax credits	23	2,319,901	1,209,168
Salaries, employee benefits and share-based compensation	21	547,966	281,910
Travel, conferences, and investor relations		113,191	227,461
Professional fees		140,329	139,234
Administration		92,755	66,739
Filing fees		62,348	61,230
Rent		92,971	123,020
Depreciation of right-of-use assets	13	181,614	94,305
Insurance, taxes and permits		34,140	23,929
Government grants on operating expenses		(1,768,247)	(642,345)
Operating loss		**(2,114,404)**	**(1,657,379)**
Other income (expenses)			
Research income		464,188	598,470
Investment income		120,555	105,685
Finance costs		(295,101)	(72,298)
Gain (loss) on foreign exchange		(10,383)	10,463
Option income on exploration and evaluation assets		162,399	136,833
Loss on disposal of property, plant and equipment	12	(56,581)	-
Net gain on settlement of a lease agreement		171,242	-
Unrealized (loss) gain on variation of investments in a listed company		(42,888)	6,545
Share of loss of an associate	11	(74,535)	(193,787)
Net loss on dilution of investment in an associate	11	-	(19,041)
Impairment of an investment in an associate	11	(346,893)	(316,363)
		92,003	**256,507**
Net and comprehensive loss		**(2,022,401)**	**(1,400,872)**
Basic and diluted loss per share		(0.014)	(0.010)
Weighted average number of basic and diluted outstanding shares		**142,630,824**	**141,638,705**

The accompanying notes are an integral part of these consolidated Financial Statements.

Geomega Resources Inc.

Consolidated Statements of Changes in Equity

For the years ended May 31, 2024 and 2023

(in Canadian Dollars, except number of common shares)

	Note	Number of shares outstanding	Share Capital	Reserves	Contributed Surplus	Deficit	Total Equity
			$	$	$	$	$
Balance at May 31, 2023		**141,826,521**	**38,515,697**	**1,152,537**	**4,524,149**	**(38,914,285)**	**5,278,098**
Net and comprehensive loss		-	-	-	-	(2,022,401)	(2,022,401)
Exercised stock options		1,575,000	262,675	(99,300)	-	-	163,375
Expired stock options		-	-	(250,946)	250,946	-	-
Share-based compensation	18	-	-	188,414	-	-	188,414
Balance at May 31, 2024		**143,401,521**	**38,778,372**	**990,705**	**4,775,095**	**(40,936,686)**	**3,607,486**

	Note	Numbers of shares outstanding	Share Capital	Reserves	Contributed Surplus	Deficit	Total Equity
			$	$	$	$	$
Balance at May 31, 2022		**141,369,521**	**38,435,625**	**1,097,085**	**4,424,649**	**(37,513,413)**	**6,443,946**
Net and comprehensive loss		-	-	-	-	(1,400,872)	(1,400,872)
Exercised stock options		457,000	80,072	(30,362)	-	-	49,710
Expired stock options		-	-	(72,023)	72,023	-	-
Expired warrants		-	-	(27,477)	27,477	-	-
Shared-based compensation	18	-	-	185,314	-	-	185,314
Balance at May 31, 2023		**141,826,521**	**38,515,697**	**1,152,537**	**4,524,149**	**(38,914,285)**	**5,278,098**

The accompanying notes are an integral part of these consolidated Financial Statements.

Geomega Resources Inc.
Consolidated Statements of Cash Flows
For the years ended May 31, 2024 and 2023
(in Canadian Dollars)

	Note	2024	2023
		$	$
Operating activities			
Net and comprehensive loss		(2,022,401)	(1,400,872)
Adjustments for:			
Share-based compensation		188,414	185,314
Unrealized (gain) loss on foreign exchange rate		(196)	6,237
Depreciation of property, plant and equipment		241,787	34,111
Loss on disposal of property, plant and equipment		56,581	-
Impairment of property, plant and equipment		223,679	-
Depreciation of right-of-use assets		181,614	94,305
Finance costs for the accretion of long-term debt		3,191	5,178
Option income exploration and evaluation property		(49,783)	(136,833)
Unrealized (gain) loss on variation of investments in a listed company		42,888	(6,545)
Impairment of an investment in an associate		346,893	316,363
Share of loss of an associate	11	74,535	193,787
Net loss on dilution of investment in an associate	11	-	19,041
Net gain on settlement of a lease agreement		(171,242)	-
Changes in non-cash working capital items	27	(331,189)	252,309
Cash flows used in operating activities		**(1,215,229)**	**(437,605)**
Investing activities			
Acquisitions of property, plant and equipment		(1,715,523)	(610,864)
Disposal of property, plant and equipment		155,000	-
Variation of deposit on property, plant and equipment		(14,054)	(608,664)
Government grants received – portion attributable to the purchase of property, plant and equipment		305,665	866,584
Acquisition of right of use assets		-	(48,000)
Disposal (acquisition) of short-term investments		500,000	(522,000)
Proceeds from the settlement of a lease agreement	13	175,000	-
Proceeds from disposal of exploration and evaluation assets		-	69,567
Cash flows used in investing activities		**(593,912)**	**(853,377)**
Financing activities			
Exercise of stock options		163,375	49,710
Repayments of long-term debt		(80,000)	-
Repayments of lease obligations	15	(22,012)	(44,519)
Cash flows from financing activities		**61,363**	**5,191**
Net change in cash		**(1,747,778)**	**(1,285,791)**
Cash and cash equivalents – beginning		3,799,111	5,084,902
Cash and cash equivalents – ending		**2,051,333**	**3,799,111**

The accompanying notes are an integral part of these consolidated Financial Statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Geomega Resources Inc. (the "Corporation") is incorporated under the *Canada Business Corporations Act* and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. Through its private and wholly owned subsidiary Innord Inc. ("Innord") the Corporation is developing innovative technologies for extraction and separation of rare earth elements and other critical and strategic metals from its mining properties and other mining and industrial waste, in an environmentally sustainable way. The Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under symbol GMA. The address of the Corporation's registered office and principal place of business is 75, de Mortagne Boulevard, Boucherville, Quebec, Canada, J4B 6Y4. These consolidated Financial Statements (the "Financial Statements") were approved by the Corporation's Board of Directors on August 21, 2024.

These Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. For the year ended May 31, 2024, the Corporation reported a net loss of $2,022,401 and has accumulated a deficit of $40,936,686 up to that date. As at May 31, 2024, the Corporation had a working capital of $2,451,511.

Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity or debt financing. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation. However, given the current cash position and foreseen cash inflows and outflows in the next twelve months, management believes that sufficient cash will be available to fund the company operating expenses at least for the next 12 months.

2. BASIS OF PRESENTATION

These Financial Statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB").

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Basis of measurement

These Financial Statements have been prepared on a historical cost basis. The Corporation has elected to present the statement of loss and comprehensive loss in a single statement.

3.2 New accounting standards

Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) – On February 12, 2021, the IASB issued amendments to IAS 1 to assist entities in determining which accounting policies to disclose in the financial statements. The amendments to IAS 1 require that an entity disclose its material accounting policies instead of its material accounting policies and explain how an entity can identify a material accounting policy to produce financial statement disclosures for the benefit of the primary users of the financial statements. The amendments apply to annual reporting periods beginning on or after January 1, 2023. There was no material impacts on the Corporation's consolidated financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

Definition of accounting estimates (Amendments to IAS 8) – On February 12, 2021, the IASB issued amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to assist entities to distinguish between accounting policies and accounting estimates. The amendments introduce a definition of “accounting estimates” and confirm that a change in an accounting estimate that results from new information or new developments is not the correction of an error, while also helping entities distinguish a change in an accounting estimate from a change in accounting policy. The amendments apply to annual reporting periods beginning on or after January 1, 2023. There was no material impacts from the adoption of this standard on the Corporation's consolidated financial statements.

IAS 1, Presentation of Financial Statements (“IAS 1”), was amended in January 2020. The IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify the definition of a right to defer settlement and specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments are effective for annual periods beginning on or after January 1, 2024. The amendments must be applied retrospectively in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. Earlier application is permitted. There was no significant impact from the implementation of these amendments on the Corporation's balance sheet presentation.

In June 2023 the ISSB issued IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, which requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital. At the same time the ISSB issued IFRS S2 *Climate-related Disclosures*, with the same disclosure requirements as IFRS S1 but for climate-related risks and opportunities. For Canadian entities, there is currently no mandatory requirement to comply with the ISSB Standards. Canadian authorities including the CSSB and the CSA will decide on application in Canada. The Corporation will continue to assess the potential impact of these two new disclosure requirements which are not expected to have a significant impact on the Corporation's consolidated financial statements.

3.3 Comparative figures

Certain comparative figures have been reclassified in accordance with the current period's presentation. The following changes have been made to the May 31, 2023 financial statement comparative period.

The Corporation determined that Research fees previously recorded as revenues in the statement of loss and comprehensive loss should be recorded as other income since these revenues represent incidental income to finance its research project and not the core activity of the Corporation.

The Corporation also determined that, for a better understanding of its activities, the expenses previously recorded as exploration and evaluation expenses should be divided in two categories:

Exploration and evaluation expenses: activities directly associated to exploration work and research work performed specifically to develop the Montviel rare earth deposit.

Research and development expenses: activities performed on R&D for other technologies such as rare-earth recycling from permanent magnet waste, bauxite residues processing, HCl recycling from metal chloride streams and other research projects not directly applicable to the Montviel deposit.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

The adjustments made to the May 31, 2023 financial statements are as follow:

	As previously reported	Adjustments	As restated
Statement of loss and comprehensive loss	**$**	**$**	**$**
Research fees (classified as revenues)	598,470	(598,470)	-
Research income (classified as other income)	-	598,470	598,470
Exploration and evaluation expenses, net of tax credits	1,281,896	(1,209,168)	72,728
Research and development, net of tax credits	-	1,209,168	1,209,168

3.4 Consolidation

The Financial Statements include the accounts of the Corporation and those of its subsidiary Innord, which is wholly owned by the Corporation. Control refers to the power to govern an entity's financial and operating policies in order to derive benefits from its operations. All intra-group transactions, balances, income and expenses are eliminated during consolidation.

3.5 Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Corporation operates (the "functional currency"). The functional and presentation currency of the Corporation and Innord is the Canadian dollar.

3.6 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term liquid investments with original maturities of three months or less or cashable at any time without penalties.

3.7 Investment in an associate

Associate is an entity over which the Corporation has significant influence, but not control. The financial results of the Corporation's investment in its associate are included in the Corporation's results according to the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Corporation's share of comprehensive income or loss of the associate after the date of acquisition. The Corporation's share of profits or losses is recognized in the statement of (loss) income and its share of other comprehensive income or loss of an associate is included in other comprehensive (loss) income.

Unrealized gains on transactions between the Corporation and an associate are eliminated to the extent of the Corporation's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in an investment in an associate are recognized in the statement of (loss) income.

The Corporation assesses at each period-end whether there is any objective evidence that its investment in an associate is impaired. If impaired, the carrying value of the Corporation's share of the underlying assets of the associate is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value in use) and charged to the statement of (loss) income.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.8 Exploration and evaluation expenses

Exploration and evaluation ("E&E") expenses include rights in mining properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

E&E expenses also include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Expenditures relating to E&E activities are expensed as incurred.

E&E include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for the Corporation's mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

The E&E expenses are recorded in the statement of (loss) income until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives the Board of Directors approval, at which time the mine project moves into the development phase.

Gains and losses on disposals of E&E equipment are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the statement of (loss) income. E&E include overhead expenses directly attributable to the related activities.

The Corporation has taken steps to verify the validity of title to mineral properties on which it is conducting exploration activities and is acquiring interests in accordance with industry standards that apply to the current stage of E&E of such property. However, these procedures do not guarantee the Corporation's title, as property title may be subject to unregistered prior agreements, aboriginal claims or noncompliance with regulatory requirements.

3.9 Research and development costs

Research costs are expensed during the year in which the expenses are incurred. Development costs are capitalized when they meet the criteria for capitalization in accordance with IAS 38 "Intangible Assets".

3.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

Repairs and maintenance costs are charged to the statement of loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Office equipment	3 years
Leasehold improvements	10 years
Equipment related to E&E activities	3 years
Equipment related to R&D activities	2 to 10 years

Depreciation of property, plant and equipment, if related to exploration activities, is expensed consistently with the policy for E&E expenses. Depreciation of property and equipment, if related to research activities, is expensed consistently with the policy for R&D expenses. For those which are not related to E&E or R activities, depreciation expense is recognized directly in the statement of (loss) income.

Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and restated if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the statement of (loss) income.

3.11 Leases

The Corporation has entered into different lease agreements. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases with a term in excess of twelve months and for other than low-value assets are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Corporation.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in statement of loss.

3.12 Right-of-use assets

The Corporation 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 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 Corporation 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 the shorter of its estimated useful life and the lease term.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.13 Lease obligations

At the commencement date of the lease, the Corporation recognizes a lease obligation 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 Corporation and payments of penalties for terminating a lease, if the lease term reflects the Corporation 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 Corporation 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 the lease obligation is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease obligation 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.

The Corporation 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.

3.14 Inventories

The Inventories consist of raw materials, rare earth permanent magnets that will be recycled in the demonstration plant in order to extract the rare earths oxide to be sold. Inventories are valued at the lowest of the cost and net realizable value. The cost of raw material inventory is determined using the average cost method.

3.15 Tax credits and mining rights receivable

The Corporation is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the *Mining Tax Act*. These tax credits are recognized as a reduction of the E&E expenses incurred.

3.16 Investment tax credits

Investment tax credits are recognized when there is reasonable assurance that the Corporation has complied with, and will continue to comply with, all conditions necessary to obtain such assistance. The Corporation incurs research and development expenses that are eligible for investment tax credits. Refundable investment tax credits are based on management's estimates of amounts expected to be recovered and are subject to audit by tax authorities.

Investment tax credits are recognized as a reduction of the cost of the related assets or expenses in the year in which the expenditures are made when management deems that there is reasonable assurance that the conditions for government assistance or investment tax credits have been met.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.17 Government grants

The Corporation receives financial assistance under government incentive programs for research and development. Government grants are recognized initially as government grants receivable at fair value when there is reasonable assurance that it will be received and the Corporation will comply with the conditions associated with the grant. Grants are recognized as a reduction of the related expenditures (in the statements of financial position or statements of income (loss) depending on the nature of the expenditures).

Grants are recognized in proportion to the total costs expected to the contract. Any payment received before the associated work is performed are recorded as deferred grants in the statement of financial position.

3.18 Impairment of non-financial assets

Property, plant and equipment and right-of-use asset are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs.

An asset's 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 for which estimates of future cash flows have not been restated.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the statement of (loss) income. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

3.19 Provisions, contingent liabilities and contingent assets

Provisions for environmental restoration, restructuring costs and legal claims, where applicable, are recognized when: (i) the Corporation has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The increase in the provision due to passage of time is recognized as finance costs. Changes in assumptions or estimates are reflected in the period in which they occur.

Provision for environmental restoration represents the legal and constructive obligations associated with the eventual closure of the Corporation's property, plant and equipment. These obligations consist of costs associated with reclamation and monitoring of activities and the removal of tangible assets. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been restated.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

The Corporation's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Corporation's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible, given that the Corporation's operations are still in the E&E stage. A restoration provision will be recognized in the cost of the property, plant and equipment when there is constructive or legal commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

Possible inflows of economic benefits to the Corporation that do not yet meet the recognition criteria of an asset are considered contingent assets. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in Financial Statements since this may result in the recognition of income that may never be realized.

3.20 Foreign currency transactions

Foreign currency-denominated transactions are converted into the relevant functional currency as follows: monetary assets and liabilities are converted to the current exchange rate on the date of the consolidated statement of financial position, while expenses are converted at the average exchange rate for the period. Non-monetary assets and liabilities are converted to historical rates or the rate in effect on the date they were valued at fair value. If applicable, foreign exchange gains and losses resulting from the settlement of those transactions and from period-end translations are recognized in the consolidated statement of loss.

3.21 Flow-through shares

The Corporation finances some E&E expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference between the amounts recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liability which is reversed into the statement of (loss) income as a recovery of deferred income taxes when the eligible expenditures are incurred. The amount recognized as a flow-through share liability represents the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares, net of allocated issue costs.

3.22 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss ("FVTPL"), which are measured initially at fair value. The subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

Financial assets and financial liabilities are offset, and the net amount is reported in the statements of financial position when there is an unconditional and legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

a) Financial assets

Financial assets are initially measured at fair value. If the financial asset is not subsequently FVTPL, then the initial valuation includes transaction costs that are directly attributable to the acquisition or asset generation. At the time of initial recognition, the Corporation categorizes its financial instruments into the following categories, depending on the purposes for which the instruments were acquired: at amortized cost or at fair value.

At amortized cost:
Financial assets at amortized cost are non-derivative financial assets with specified or determinable payments that consist exclusively of capital and interest payments held under a business model whose purpose is to collect these amounts. Financial assets at amortized cost are initially recorded at the amount expected to receive less, when significant, a discount to bring them back to fair value. Subsequently, financial assets at amortized cost are assessed using the current interest rate method, which is reduced by a provision for anticipated losses. Cash and accounts receivable are classified in this category.

Financial assets at fair value through profit or loss:
Investments in equity are subsequently measured at fair market value and changes are recognized in net loss. The category includes the investments in a listed company. This instrument is measured at fair market value and changes in fair market value are recognized in net loss. Fair market value is determined on the basis of stock market prices.

b) Financial liabilities

At amortized cost:
Trade and other payables, long-term debt and lease obligations are initially recorded at the amount to be paid less, when significant, a discount to bring this amount back to fair value. Subsequently, they are assessed at the amortized cost using the effective interest method.

c) Impairment of financial assets

At amortized cost:
The expected loss represents the difference between the amortized cost of financial assets and the present value of anticipated future cash flows, discounted to the instrument's initial effective interest rate. The book value of the asset is reduced by this amount either directly or indirectly through a value correction account. Provisions for anticipated losses are restated upwards or downwards in subsequent periods if the amount of the anticipated loss increases or decreases. The Corporation considers that there is no significant increase of credit risk for the financial instruments with low credit risk.

3.23 Current taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of loss, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized directly in equity. Mining taxes represent Canadian provincial taxes levied on mining operations and are classified as income taxes since such taxes are based on a percentage of mining profits.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

The current income and mining tax charge is the expected tax payable or receivable on the taxable loss for the year, using the tax laws enacted or substantively enacted at the statement of financial position date in the jurisdictions where the Corporation operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

3.24 Deferred taxes

The Corporation uses the asset and liability method of accounting for income and mining taxes. Under this method, deferred income and mining tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income and mining tax assets and liabilities are measured using enacted or substantively enacted tax rates (and laws) that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income and mining tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income and mining tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income or mining taxes levied by the same taxation authority on the same taxable entity where there is an intention to settle the balances on a net basis.

Changes in deferred tax assets or liabilities are recognized as deferred income tax recovery in the statement of (loss) income, except where they relate to items that are recognized directly in equity, in which case the related deferred tax is also recognized in equity. As management intends to realize the carrying value of its assets and settle the carrying value of its liabilities through the sale of its E&E properties, the related deferred tax has been calculated accordingly.

3.25 Basic and diluted income or loss per share

The calculation of income or loss per share is based on the weighted average number of shares outstanding for each period. The basic income or loss per share is calculated by dividing the income or loss attributable to the equity owners of the Corporation, considering the impact of the warrants extension, by the weighted average number of common shares outstanding during the period.

Diluted income or loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of the diluted income or loss per share assumes that the proceeds to be received on the exercise of dilutive stock options, warrants and broker warrants are used to repurchase common shares at the average market price during the period.

The computation of diluted income or loss per share assumes the conversion or exercise only when such conversion, exercise or issuance would have a dilutive effect on the income per share. When the Corporation reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the anti-dilutive effect of the outstanding stock options, broker warrants and warrants.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

3.26 Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

Common shares, stock options, warrants and broker warrants are classified as equity. Incremental costs directly attributable to the issuance of shares, stock options, warrants and broker warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

3.27 Issuance of units

Proceeds from unit placements are allocated between shares and warrants issued using the residual value method.

Share and warrant issue expenses are accounted for in the year in which they are incurred and are recorded as a deduction to equity in the deficit in the year in which the shares are issued.

3.28 Equity-settled share-based compensation

The Corporation offers an equity settled share-based compensation plan for its eligible directors, officers, employees and consultants. Each award is considered a separate award with its own vesting periods and fair value. Fair value is measured at the date of grant using the Black-Scholes option pricing model or the share market price where applicable.

All equity settled share-based compensation (except broker warrants) are ultimately recognized as an expense in the statement of (loss) income with a corresponding credit to reserves (within shareholders' equity on the consolidated statement of financial position). Equity settled share-based compensation to broker, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to broker warrants in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the instruments that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of instruments expected to vest differs from previous estimates. Any cumulative restatement prior to vesting is recognized in the current period.

Any consideration paid on exercise of share options is credited to share capital. The accumulated expenses resulting from stock options are transferred to share capital when the options are exercised.

Expenses recognized for forfeited awards are reversed. Where the terms of an equity settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified over the original vesting period. In addition, an expense is recognized for any modification which increases the total fair value of the share-based payment arrangement as measured at the date of the modification, over the remainder of the vesting period.

3.29 Revenue recognition

Revenues classified as other income come from two sources: research fees for collaborative research work with third parties in the valuation of mining and industrial residues as the critical and strategic metals sectors and option income from the optioning of its mineral properties.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

i) Research fees received are recognized in the statement of loss and comprehensive loss as the work is performed, all obligations under the contract are satisfied and the corresponding consideration is received or there is reasonable assurance of collection.

Revenues are measured at the fair value of the consideration received or to be received. Revenue is recognized in proportion to the total costs expected to the contract. Any payment received from customers before the work is performed are recorded as deferred revenues in the statement of financial position while any amounts recognized in excess of amounts invoiced are recognized as a work in progress.

To depict the Corporation's progress in satisfying these performance obligations, and to establish when and to what extent revenue can be recognized, the Corporation measures its progress by comparing actual hours spent to date with the total estimated labour hours required for the research projects. The hours-to-hours basis provides the most faithful depiction of the transfer of goods and services to each customer due to the Corporation's ability to make reliable estimates of the total number of labour hours required on each project. In the early stages of some of these contracts, the Corporation is unable to make a reliable estimate of the outcome of the project but still expects to recover its costs. The Corporation then recognizes revenue equal to the costs incurred until it can make a reliable estimate.

ii) Option income is recognized when received or there is reasonable assurance of collection. Shares received under option agreements are valued at fair value which is determined at quoted market prices if the shares are quoted on an active market. If the market for the shares is not active, fair value is established by using a valuation technique. The fair value of common shares received was determined based on Black-Scholes option pricing model, after applying the discounts for lack of marketability due to the regulatory release period.

3.30 Employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) is recognized in the period in which the services are rendered and is not discounted.

The expected cost of compensated absences is recognized in the statement of (loss) income as the employees render services that increase their entitlement. The cost of bonus payments is recognized in the statement of (loss) income when there is a legal or constructive obligation to make such payments as a result of past performance.

3.31 Segment reporting

The Corporation currently has one operating segment, the exploration and evaluation and research and development related to critical metals.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ERRORS

The preparation of the Financial Statements in conformity with IFRS requires the Corporation's management to make judgements, estimates and assumptions about future events that affect the amounts reported in the Financial Statements and related notes to the Financial Statements. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results may differ from those estimates.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ERRORS (CONT'D)

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

4.1 Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.2 Significant influence in Associate

The Corporation has used significant judgment in assessing the classification of its investment in Kintavar Exploration Inc. "Kintavar". As at May 31, 2024, the Company has an ownership percentage of 13.11% and has determined that it has significant influence over Kintavar as a result of other qualitative factors that include:

1) Ownership interest of 13.11% of voting shares
2) Representation on the board of Directors
3) Interchange of managerial personnel
4) Intercompany transactions between the companies

4.3 Income taxes and recoverability of potential deferred tax assets

Periodically, the Corporation evaluates the likelihood of whether some portion of the deferred tax assets will not be realized. Once the evaluation is completed, if the Corporation believes that it is probable that some portion of the deferred tax assets will fail to be realized, the Corporation records only the remaining portion for which it is probable that there will be available future taxable profit against which the temporary differences can be utilized. Assessing the recoverability of deferred income tax assets requires management to make significant judgment. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. Significant judgment is required in determining the income tax recovery as there are transactions and calculations for which the ultimate tax determination is uncertain. Management intends to realize the carrying value of its assets and settle the carrying amount of its liabilities through the sale of its E&E properties, which is an important judgment.

4.4 Refundable credit on mining duties and refundable tax credit related to resources

The refundable credit for resources and refundable credit on mining duties (the "tax credits") for the current period and prior periods are measured at the amount the Corporation expects to recover from the tax authorities as at the closing date. However, uncertainties remain as to the interpretation of tax rules and the amount and timing of the recovery of such tax credits. To determine whether the expenses it incurs are eligible, the Corporation must exercise considerable judgment and interpretation, which makes the recovery of tax credits uncertain. Accordingly, there may be a significant difference between the recorded amount of tax credits receivable and the actual amount of tax credits received following the tax authorities' review of issues whose interpretation is uncertain.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ERRORS (CONT'D)

Should such a difference arise, a restatement would have to be made to tax credits receivable and provisions may potentially need to be recognized for previous tax credits received by the Corporation. It may take considerable time for the tax administration to render its decisions on issues related to tax credits, and it can therefore take a long time to recover tax credits. Tax credits that the Corporation expects to recover within more than one year are classified as non-current assets. The amounts recognized in the Financial Statements are based on the Corporation's best estimates and according to its best judgment, as stated above.

However, given the uncertainty inherent in obtaining the approval of the relevant tax authorities, the amount of tax credits that will actually be recovered or the amount to be repaid, as well as the timing of such recovery or repayment, could differ materially from the accounting estimates, which would affect the Corporation's financial position and cash flows.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following investments:

As at May 31, 2024:

- Short term deposits totaling $1,906,566 with rates from 4.5% to 5.15% and expiring dates ranging from January 13, 2025 to May 7, 2025. Interest and principal are cashable at any time without penalties.

As at May 31, 2023:

- Short term deposits totaling $2,924,400 with rates from 4% to 4.05% and expiring dates ranging from January 17, 2024 to March 7, 2024. Interest and principal are cashable at any time without penalties.
- Investment of $157,287 USD ($213,957 CAD) in a high interest exchange trading fund. Interest and principal are cashable at any time.

As at May 31, 2023, the Corporation also had access to an interest-free, 8 years credit facility of $3,046,044. This loan is no longer available following the obtention of a grant from Next Generation Manufacturing Canada (NGen) in November 2023. The stacking limits for this loan were too low, making it not useable with the other grants received for the demonstration plant project.

6. INVESTMENTS

The investments as at May 31, 2024 consist of guaranteed investment certificates that are non-cashable prior to maturity. The certificates totalize $22,000 in nominal value, bear interest at 3% and expire on October 2, 2024.

7. INVESTMENT IN A LISTED COMPANY

The Corporation holds marketable securities. The investment is listed on a public equity market and valued at fair value based on quoted market price as follows:

	As at May 31, 2024	As at May 31, 2023
	$	$
Classified as current asset		
MTM Critical Metals Limited – 2,327,273 common shares (666,667 as at May 31, 2023)	74,665	67,574
Investment in a listed company	**74,665**	**67,574**

8. ACCOUNTS RECEIVABLE

	As at May 31, 2024	As at May 31, 2023
	$	$
Trade receivable	44,150	343,010
Sales taxes receivable	356,906	110,293
Interest receivables	13,972	43,258
Other accounts receivable	399,385	98,402
Accounts receivable	**814,413**	**594,963**

9. TAX CREDITS AND GOVERNMENT GRANTS RECEIVABLE

	As at May 31, 2024	As at May 31, 2023
	$	$
Refundable tax credits	1,003	2,173
Government grants	1,223,417	451,203
Tax credits and government grants receivable	**1,224,420**	**453,376**

The government grants are related to expenditures on research and development incurred by the Corporation and its subsidiary.

10. PREPAID EXPENSES AND OTHERS

	As at May 31, 2024	As at May 31, 2023
	$	$
Prepaid on operating expenses	144,200	56,051
Advance payment on inventories	187,027	-
Prepaid expenses and others	**331,227**	**56,051**

11. INVESTMENT IN AN ASSOCIATE

Kintavar Exploration Inc. ("Kintavar") is the Corporation's only associate. Kintavar's share capital consists solely of ordinary shares, which are held directly by the Corporation. Kintavar is incorporated in Canada where its exploration and evaluation activities on bearing properties are carried out. The proportion of ownership interest is the same as the proportion of voting rights held. The investment in Kintavar is accounted for under the equity method. Its fair value as at May 31, 2024 is $421,429 (16,857,143 shares at $0.025, closing price on the Exchange). Considering the fair value of the investment is lower than its carrying value as at May 31, 2024, an impairment loss has been recorded in the consolidated statement of losses in order to reduce the investment to its estimated recoverable value, in this case its fair market value. Its fair value was $842,857 as at May 31, 2023. The Corporation categorized the fair value measurement as Level 1, as it is derived from quoted prices in active markets. There was no change in the percentage of shares owned by Geomega from May 31, 2023 to May 31, 2024, which was stable at 13.11%.

Determination of significant influence

Management determines its ability to exercise significant influence over an investment in shares of other companies by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policy-making processes, material transactions between the Corporation and the associate, interchange of managerial personnel, provision of essential technical information and operating involvement. Considering these factors, Geomega is considered to have significant influence over Kintavar.

	As at May 31, 2024	**As at May 31, 2023**
	$	**$**
Balance at beginning of year	**842,857**	**1,372,048**
Share of net and comprehensive loss	(74,535)	(193,787)
Net gain from dilution of the interest	-	(19,041)
Impairment	(346,893)	(316,363)
Balance at end of year	**421,429**	**842,857**

12. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	**Leasehold Improvements**	**Equipment [1]**	**Total**
	$	**$**	**$**	**$**
Fiscal 2024				
Opening net book value	-	-	427,893	427,893
Additions	-	241,439	1,474,084	1,715,523
Disposal	-	-	(155,000)	(155,000)
Loss on disposal	-	-	(56,581)	(56,581)
Government grants	-	(157,305)	(555,390)	(712,695)
Depreciation	-	-	(241,787)	(241,787)
Impairment [2]	-	-	(223,679)	(223,679)
Closing net book value	-	84,134	669,540	753,674
As at May 31, 2024				
Cost	**14,984**	**84,134**	**1,076,127**	**1,175,245**
Accumulated depreciation	**(14,984)**	**-**	**(406,587)**	**(421,571)**
Closing net book value	**-**	**84,134**	**669,540**	**753,674**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office Equipment	Equipment [1]	Total
	$	$	$
Fiscal 2023			
Opening net book value	-	100,532	100,532
Additions	-	764,100	764,100
Government grants	-	(402,628)	(402,628)
Depreciation	-	(34,111)	(34,111)
Closing net book value	-	427,893	427,893
As at May 31, 2023			
Cost	**14,984**	**710,244**	**725,228**
Accumulated depreciation	**(14,984)**	**(282,351)**	**(297,335)**
Closing net book value	**-**	**427,893**	**427,893**

1. The equipment category includes equipment used in E&E activities and R&D activities. Depreciation of property plant and equipment related to E&E properties is being recorded within E&E expenses whiles depreciation related to other R&D projects is recorded within R&D expenses. An amount of $8,792 ($8,792 in Fiscal 2023) was expensed as E&E expenses and $115,443 ($25,319 in Fiscal 2023) as R&D expenses during the year ended May 31, 2024.

2. In March 2024, the Corporation had to go through a process design change for its demonstration plant being built in Saint-Hubert due to capacity issues of the city sewage system. Therefore, certain equipment already ordered had to be canceled, while other equipment received were sold or put for sale. An impairment expense of $223,679 was recorded as a R&D expense to bring the cost of the equipment to its estimated net realisable value, based on the price these equipment are advertised on different reselling platforms.

13. RIGHT-OF-USE ASSETS

	Equipment	Industrial buildings	Total
	$	$	$
Fiscal 2024			
Opening net book value	-	2,298,752	2,298,752
Additions	28,500	-	28,500
Disposal [1]	-	(133,883)	(133,883)
Depreciation	(5,225)	(176,389)	(181,614)
Closing net book value	23,275	1,988,480	2,011,755
As at May 31, 2024			
Cost	**28,500**	**2,143,732**	**2,172,232**
Accumulated depreciation	**(5,225)**	**(155,252)**	**(160,477)**
Closing net book value	**23,275**	**1,988,480**	**2,011,755**

1. On October 2, 2023, the Corporation signed an agreement with the owner of the premises at 1123 Marie-Victorin in St-Bruno-de-Montarville to vacate the premises in exchange for a lump sum of $175,000. Since the signature binding LOI in Saint-Hubert in April 2023 (lease agreement in August 2023), the premises in St-Bruno-de-Montarville served no purpose for the Corporation. The right-of-use asset and the underlying lease were reversed, and the difference was recorded against the gain in the statement of loss and comprehensive loss.

13. RIGHT-OF-USE ASSETS (CONT'D)

	Industrial buildings
	$
Fiscal 2023	
Opening net book value	612,243
Additions	2,220,600
Revaluation	(439,786)
Depreciation	(94,305)
Closing net book value	2,298,752
As at May 31, 2023	
Cost	**2,319,456**
Accumulated Depreciation	**(20,704)**
Closing net book value	**2,298,752**

14. DEFERRED GRANTS

	As at May 31, 2024	As at May 31, 2023
	$	$
Deferred grants attributable to the purchase of property, plant and equipment	16,481	534,385
Deferred grants attributable to operations	1,035,061	146,265
Deferred grants	**1,051,542**	**680,650**

15. LEASE LIABILITIES

	2024	2023
	$	$
Balance, opening	2,364,465	676,170
Addition	28,500	2,172,600
Disposal	(130,125)	-
Revaluation	-	(439,786)
Repayments of lease liability	(22,012)	(44,519)
Balance, ending	2,240,828	2,364,465
Balance, current	(18,343)	(74,646)
Balance, non-current	**2,222,485**	**2,289,819**

On April 12, 2023, the Corporation entered into a long-term lease agreement for the lease of an industrial space located in St-Hubert, Quebec. The agreement, which began on May 1st, 2023, is for an initial term of sixty (60) months with two options to renew for an additional sixty (60) months each. The monthly base rent is $24,000 which represents $288,000 annually.

16. LONG-TERM DEBT

	As at May 31, 2024	As at May 31, 2023
	$	**$**
Canada Emergency Business Account ("CEBA") received in the context of the COVID-19 pandemic outbreak. The loan bore no interest and capital was paid in full in December 2023.	-	76,809
Long-term debt	**-**	**76,809**

17. SHARE CAPITAL

17.1 Authorized Share Capital

The Corporation's authorized share capital consists of an unlimited number of voting common shares.

17.2 Common Shares

Year Ended May 31, 2024

During Fiscal 2024, the Corporation issued a total of 1,575,000 shares for total gross proceeds of $163,375 in connection with the exercise of stock options.

Year Ended May 31, 2023

During Fiscal 2023, the Corporation issued a total of 457,000 shares for total gross proceeds of $80,072 in connection with the exercise of stock options.

18. RESERVES

18.1 Warrants

Changes in the Corporation's warrants were as follows:

	2024		2023	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
		$		**$**
Opening	16,517,788	0.27	16,517,788	0.27
Balance, end	**16,517,788**	**0.27**	**16,517,788**	**0.27**

18. RESERVES (CONT'D)

Warrants outstanding as at May 31, 2024 are as follows:

Number of warrants	Exercise price	Expiry date
	$	
11,459,093	0.25	November 6, 2024 [1]
4,354,667	0.32	May 23, 2025
704,028	0.40	February 6, 2026 [2]
16,517,788		

[1] These warrants were originally expiring on November 9, 2023. On October 26, 2023, they were extended for a period of 1 year until November 6, 2024. All other conditions stayed unchanged. This change had no impact on the financial statements.

[2] These warrants were originally expiring on February 6, 2024. On January 26, 2024, they were extended for a period of 2 years until February 9, 2026. All other conditions stayed unchanged. This change had no impact on the financial statements.

18.2 Broker Warrants

Changes in the Corporation's broker warrants are as follows:

	2024		2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance, opening	-	-	370,456	0.22
Expired	-	-	(370,456)	0.22
Balance, end	**-**	**-**	**-**	**-**

18.3 Share-based Compensation

A) Omnibus Incentive Plan

On October 25, 2023, a new omnibus equity incentive plan (the "Omnibus Plan") was implemented to replace the previous stock option plan (the "Legacy Option Plan"). The Omnibus Plan offers a wider range of incentive awards, including stock options ("Options"), restricted share units ("RSUs"), performance share units ("PSUs"), and deferred share units ("DSUs") (collectively, the "Awards"). The options issued under the Legacy Option Plan are still eligible and are governed by the Legacy Option Plan.

The aggregate number of common shares reserved for issuance pursuant to awards of Options granted under the Omnibus Plan (including the options currently outstanding under the Legacy Option Plan) shall not exceed 8% of the Corporation's total issued and outstanding common shares from time to time. In respect of DSUs, RSUs or PSUs, the aggregate number of common shares reserved for issuance pursuant to Awards other than for Options granted under the Omnibus Plan shall not exceed 5,000,000 common shares.

18. RESERVES (CONT'D)

B) Stock Options

A summary of the Corporation's Options outstanding under both the Omnibus Plan and the Legacy Option Plan is as follows:

	2024		2023	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		$		$
Balance, opening	10,295,500	0.21	11,461,250	0.18
Issued	845,000	0.22	-	-
Exercised	(1,575,000)	0.10	(457,000)	0.09
Expired	(2,040,000)	0.26	(596,250)	0.25
Forfeited	(305,000)	0.22	(112,500)	0.32
Balance, end	**7,220,500**	**0.22**	**10,295,500**	**0.21**
Balance, end, exercisable	6,680,500	0.22	8,903,000	0.20

The number of Options outstanding as of May 31, 2024 are as follows:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry date
		$	
250,000	250,000	0.175	July 29, 2024
1,080,500	1,080,500	0.155	October 23, 2024
200,000	200,000	0.155	November 28, 2024
75,000	75,000	0.185	January 19, 2025
1,275,000	1,275,000	0.165	April 16, 2025
450,000	450,000	0.165	April 21, 2025
250,000	250,000	0.155	June 3, 2025
500,000	500,000	0.175	August 13, 2025
45,000	45,000	0.205	August 31, 2025
250,000	250,000	0.18	October 21, 2025
875,000	875,000	0.34	January 27, 2026
1,430,000	1,430,000	0.305	October 27, 2026
540,000	-	0.215	January 25, 2029
7,220,500	**6,680,500**		

On January 25, 2024, the Corporation granted 845,000 Options to employees at a price of $0.215, valid for 5 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 2.9479%, expected volatility of 76.21%, no dividend per share and expected duration of 3.75 years options. From the granting, options are earned in increments of 25% every 6 months.

The expected life was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the Options.

18. RESERVES (CONT'D)

C) Restricted Share Units

A summary of the Corporation's RSUs outstanding under the Omnibus Plan is as follows:

	Number of RSUs
Balance, June 1, 2022	-
Balance, May 31, 2023	-
Granted	1,302,000
Balance, May 31, 2024	**1,302,000**

On January 25, 2024, the Corporation granted 1,302,000 RSUs to the management team for a total value of $279,930. From the granting, the RSUs vest in increments of 50% every 12 months. The RSUs can be settled after 3 years.

D) Deferred Share Units

A summary of the Corporation's DSUs outstanding under the Omnibus Plan is as follows:

	Number of DSUs
Balance, June 1, 2022	-
Balance, May 31, 2023	-
Granted	971,000
Balance, May 31, 2024	**971,000**

On January 25, 2024, an aggregate of 971,000 DSUs were issued to the members of the Board of Directors with a total fair value of $208,765. The DSUs vest in a single installment one year from the date of grant.

19. CAPITAL MANAGEMENT

The Corporation's objective in managing capital is to safeguard its ability to continue its operations as well as its E&E programs. The Corporation manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, secure new debt and acquire or sell mining rights to improve its financial performance and flexibility. In Fiscal 2024, the Corporation received proceeds from exercise of options for $163K, and secured grants for $1.9M. The Corporation's capital is composed of equity and the balances and changes in equity are presented in the statement of changes in shareholders' equity.

The Corporation is not subject to externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject unless the Corporation closes a flow-through private placement in which case the funds are reserved in use for exploration expenses.

20. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year divided by the weighted average number of shares outstanding during the year. In calculating the diluted loss per share, potential common shares such as stock options, broker warrants and warrants have not been included, as they would have the effect of decreasing the loss per share.

21. REMUNERATION

	2024	2023
	$	$
Wages, salaries	1,485,504	912,000
Benefits	260,224	157,452
Share-based compensation	188,414	185,314
	1,934,142	**1,254,766**
Salaries and benefits and share-based payments recorded in E&E expenses	(272,639)	(59,937)
Salaries and benefits and share-based payments recorded in R&D expenses	(1,089,477)	(827,849)
Share-based payments recorded in travel, conferences and investor relations	(24,060)	(85,070)
Salaries, employee benefits and share-based compensation presented on the statement of loss	**547,966**	**281,910**

22. EXPLORATION AND EVALUATION EXPENSES

	2024	2023
	$	$
Acquisition and maintenance	**-**	**1,925**
Exploration		
Salaries and benefits	-	460
Share-based compensation	727	6,915
Supplies	1,963	2,618
Taxes, permits and insurances	413	324
Total exploration	**3,103**	**10,317**
Evaluation		
Salaries and benefits	271,912	52,562
Material and furniture	11,268	-
General and administration	2,492	430
Depreciation of property, plant and equipment	8,792	8,792
Total Evaluation	**294,464**	**61,784**
Total gross E&E expenses	**297,567**	**74,026**
Tax credits	(131)	(1,298)
Net E&E expenses	**297,436**	**72,728**

22. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

22.1 Montviel

The Corporation owns 100% of the Montviel property, located approximately 100 km north of Lebel-sur-Quévillon and 45 km west of the Cree First Nation of Waswanipi. The Montviel property comprises 96 mining claims totalling 5,333 hectares as at May 31, 2024.

22.2 Pomme (under option agreement)

The Pomme REE project ("Pomme"), also known as Montviel-Nord, is located adjacent to the north of the Montviel REE-Nb deposit that was discovered by Geomega in 2011. In the past years, the Pomme property and the Montviel property were considered as one property. During the year 2023, the 2 projects were divided in order to option Pomme. The Pomme property comprises 43 mining claims totalling 2,366 hectares as at May 31, 2024.

On February 22, 2023, the Corporation concluded an agreement with MTM Critical Metals Limited (ASX:MTM, "MTM") to option out the Pomme property.

The terms of the option agreement with MTM for pomme are as followed:

All amounts are in AUD	Cash Payments	Issuance of common shares	Work
	$	$	$
Option to earn 100%			
At the signature of the LOI (completed)	20,000	Nil	Nil
At the signature of the final agreement (completed)	50,000	50,000	Nil
On or before February 22, 2024 (completed)	100,000	100,000	300,000
On or before February 22, 2025	100,000	100,000	700,000
On or before February 22, 2026	Nil	Nil	1,000,000
Total for a maximum participation of 100%	**270,000**	**250,000**	**2,000,000**

Pursuant to the agreement MTM will grant to the Corporation a 2% NSR on the property and the Corporation will grant MTM the right to buy-back at any time 1% for AUD $1,000,000.

22.3 Montviel-Sud (under option agreement)

In August 2023, 10 claims at the southwestern limits of Montviel property were acquired by map designation and combined with 10 existing claims to form the Montviel-Sud. This second split-out property, totalling 20 claims and 1111 hectares, was optioned out to MTM for its REE-Nb mineralization potential.

22. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

The terms of the option agreement with MTM for Montviel-Sud were as followed:

	Cash Payments	Issuance of common shares	Work
	$	$	$
	CAD	AUD	CAD
Option to earn 100%			
At the signature of the final agreement (completed)	25,000	25,000	Nil
On or before August 31, 2024	50,000	50,000	50,000
On or before August 31, 2025	75,000	75,000	200,000
On or before August 31, 2026	Nil	Nil	450,000
Total for a maximum participation of 100%	**150,000**	**150,000**	**700,000**

On August 5, 2024, MTM sent a notice to the Corporation to opt out of the option agreement for this property. Therefore, Geomega still owns 100% of the rights to this property.

23. RESEARCH AND DEVELOPMENT EXPENSES

	2024	2023
	$	$
Salaries and benefits	1,045,805	813,095
Share-based compensation	43,672	14,754
Professional fees	607,667	130,808
Material and furniture	197,128	102,816
General and administration	253,707	122,377
Depreciation of property, plant and equipment	115,443	25,319
Impairment of property, plant and equipment	108,131	-
	2,371,554	**1,209,168**
Tax credits	(51,653)	-
Net R&D expenses	**2,319,901**	**1,209,168**

23.1 Patent ownership and royalty agreement

On August 11, 2017, the Corporation and Innord entered into a patent ownership and royalty agreement (the "Agreement") with its Chief Technology Officer ("CTO") to insure the long-term development and commercialization of the Corporation's proprietary rare earths extraction and separation technologies. On April 26, 2022, the Agreement was updated with the new reality of the Corporation to include new expected and possible revenue streams.

The Extraction Royalty and the Separation Royalty or Generic Royalty (the "Royalties") to be granted to the CTO on commercialization under the Agreement may be summarized as follows:

- Extraction Royalty of 1.5% of the Net Profits for the extraction products. The royalty will increase to 2% if the gross profit margin of the operation ("GPM"), before subtracting the Royalties, is greater than 40% and it will be reduced to 1% if the GPM, before subtracting the Royalties, is less than 15%.

23. RESEARCH AND DEVELOPMENT EXPENSES

- Separation Royalty or Generic Royalty of 3% of the Net Sales Revenue for the separation products or Generic Products. The royalty will increase to 4% if the GPM, before subtracting the Royalties, is greater than 40% and it will be reduced to 2.5% if the GPM, before subtracting the Royalties, is less than 15%.

Pursuant to the Agreement, commercialization is deemed to occur at the earliest of:

- Extraction Royalty – if the Corporation's Montviel project has reached 100% of nameplate capacity or 12 months after reaching 60% capacity or after reaching 60% of capacity and no longer ramping up to 100%.
- Separation Royalty - Oxide separation at a rate of 50 kg/day of Separation Products in oxide form for at least (i) 10 consecutive business days or (ii) 20 business days during any 2-month period, and the receipt by the Corporation of the full payment of a first order relating to such production.
- Generic Royalty – Production of 50 kg / day of associated product to any of Generic Work Product in designated form for at least (i) 10 consecutive business days or (ii) 20 business days during any 2 months period, and, received the full payment of a first order relating to such production.

In addition, and in order to secure the long-term commitment of the CTO, the Agreement provides that development work not currently covered by the patents that the Corporation has already filed, will be jointly owned by the CTO and the Corporation (for the extraction work) and Innord (for the separation work) until commercialization at which point such rights shall be assigned to the Corporation and Innord, as the case may be. Notwithstanding the CTO's joint ownership rights in respect of new development work described above, the CTO shall not have any right to make, use, sell, dispose, offer for sale, grant licenses, import, export or otherwise distribute products or practice processes covered by one or more claims of the patents or any intellectual property without the prior written consent of the Corporation and/or Innord, which may be withheld in their sole discretion. Nevertheless, if there is a change of control or if there is no commercialization, the CTO would be granted a non-exclusive commercialization licence.

24. INCOME TAXES

Income tax recovery differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26.50% (2023 – 26.50%) to income before taxes. The reasons for the differences are as follows:

	2024	2023
	$	$
Loss before income taxes	(2,022,401)	(1,400,872)
Statutory tax rate	26.50%	26.50%
Expected income tax expense	(535,936)	(371,231)
Difference in tax rates	-	(458)
Non-deductible expenses and other	167,025	189,961
Change in deferred tax assets not recognized	368,911	181,728
Income tax expense	**-**	**-**

The ability to realize the tax benefits is dependent upon a few factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, some deferred tax assets have not been recognized; these deferred tax assets not recognized amount to $8,659,576 (2023 - $7,853,362).

24. INCOME TAXES (CONT'D)

The significant components of the deferred tax assets and (liabilities) of the Corporation are as follows:

	As at May 31, 2024	As at May 31, 2023
	$	$
Right of use assets	(533,115)	(609,169)
Marketable securities	-	321
Long-term debt	-	(846)
Non-capital losses	533,115	609,694
	-	**-**

The Corporation has not recognized a deferred tax asset in respect of the following unrecognized deductible temporary differences:

	As at May 31, 2024	As at May 31, 2023
	$	$
Intangible assets	14,870	14,870
Property, plant and equipment	638,431	426,197
Exploration expenses	11,285,073	12,175,815
Research and development expenditures	2,993,541	2,656,296
Lease obligations	2,240,827	2,364,464
Share issuance costs	39,576	82,460
Non-capital losses	12,785,445	12,597,705
	29,997,763	**30,317,807**

As at May 31, 2024, the Corporation has not recognized a deferred tax asset in respect of the following non-capital losses, which are available to reduce future year's income for tax purposes and expire as follows:

	Federal	Provincial
	$	$
2032	513,913	513,913
2033	2,398,375	2,444,550
2034	1,483,287	1,483,287
2035	1,978,913	1,978,913
2036	1,250,612	1,250,613
2037	821,796	819,923
2038	512,820	512,363
2039	499,785	403,562
2040	560,477	519,290
2041	768,317	694,822
2042	994,628	596,270
2043	483,241	483,241
2044	1,209,557	1,209,557
	13,475,721	**12,910,304**

25. FINANCIAL INSTRUMENTS AND RISKS

Objectives and policies concerning financial risk management.

The Corporation is exposed to different financial risks resulting from its operating, investing and financing activities. The management of financial risks is done by the management of the Corporation. The Corporation does not enter into agreements for financial instruments, including financial derivatives, for speculation purposes.

25.1 Interest rate risk

When the Corporation has cash balances, the current policy is to invest excess cash in certificates of deposit or other low-risk short-term investments. The other financial assets and liabilities of the Corporation do not bear interest. The Corporation does not use financial derivatives to decrease its exposure to interest risk. A variation of plus or minus 1% change in the rates would not have a material impact on the assets and liabilities and net loss of the Corporation.

25.2 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. Management believes that it has sufficient funds to finance its operations and meet its obligations as they come due.

As at May 31, 2024, the Corporation is committed to future minimum payments of principal and interest on the debt, as follows:

	Up to 1 year	1 to 5 years	More than 5 years	Total
	$	$	$	$
Trade and other payables	801,124	-	-	801,124
Lease Liabilities – Current contractual maturities[1]	304,252	940,114	-	1,244,366
Lease Liabilities – Future renewal options[1]	-	362,528	3,464,928	3,827,456
	1,105,376	**1,302,642**	**3,464,928**	**5,872,946**

[1] The amount presented as a liability in the consolidated statement of financial position is based on an expected duration of 15 years for the Saint-Hubert lease (including two terms of 5 years renewals).

25.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Generally, the maximum credit risk is equivalent to the carrying value of financial assets exposed to credit risk, less any impairment. The Corporation is subject to credit risk through cash and accounts receivables and investments in guaranteed investment certificates. The Corporation reduces its credit risk by maintaining its cash and guaranteed investment certificates in Canadian chartered bank accounts from which management believes the risk of loss is minimal.

25. FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

25.4 Foreign exchange risk

The Corporation is exposed to foreign exchange risk arising from currency volatility, primarily with respect to the US dollar. The Corporation holds balances in cash denominated in U.S. dollars and is therefore exposed to gains or losses on foreign exchange.

As at May 31, 2024, the balance in U.S. dollars held by the Corporation was as follows:

	May 31, 2024	May 31, 2023
	$	$
Cash	60,891	5,795
Investments included in cash equivalents	86	157,372
Net exposure, in US dollars	60,977	163,167
Equivalent in Canadian dollars	**83,453**	**222,543**

Based on the balance as at May 31, 2024, a 5% fluctuation in the exchange rates on that date (with all other variables being constant) would have resulted in a variation of net earnings of $4,173 as at May 31, 2024 ($11,127 as at May 31, 2023).

25.5 Fair value of financial instruments

The carrying value of cash, accounts receivables and trade and other payables are considered to be a reasonable approximation of their fair value because of the short-term maturity and contractual terms of these instruments. For the long-term debt the carrying value is a reasonable approximation of fair value given it is close to its maturity.

26. RELATED PARTY TRANSACTIONS

26.1 Transactions with related parties

In the normal course of business:

- A firm in which a director was a partner charged professional fees amounting to $48,074 during Fiscal 2024 ($61,554 in Fiscal 2023).

Out of the normal course of business:

- Officers and directors of the Corporation exercised 1,250,000 options during Fiscal 2024 for a total value of $106,250 (325,000 options for a value of $29,250 in Fiscal 2023).

26.2 Billing according to agreement with Kintavar and its subsidiary

	2024	2023
	$	$
Salaries, employee benefits and share-based compensation	4,312	460
Exploration and evaluation, net of tax credits	(1,863)	1,382
Research and development, net of tax credits	(6,379)	-
Travel, conventions and investor relations	14,975	8,841
Administration	-	14,234
Rent	11,100	11,100
Total	**22,145**	**36,017**

As of May 31, 2024, the amount receivable from Kintavar was $14,450 ($32,772 as of May 31, 2023).

26. RELATED PARTY TRANSACTIONS (CONT'D)

26.3 Allowance for Termination or Change of Control

There are certain employment agreements between key management and the Corporation that contain a termination provision and a change of control provision. If the provision for termination without cause or change of control involving adverse changes to duties assigned to key management had occurred as of May 31, 2024, the amounts payable for the executive team would have totalled $380,000 and $1,160,000 respectively. In the case of termination for cause, no compensation will be paid.

27. ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED STATEMENT OF CASH FLOW

Change in non-cash working capital items

	2024	2023
	$	$
Accounts receivable	(219,450)	(484,200)
Work in progress	-	71,868
Tax credits and government grants receivable	(776,414)	(46,363)
Prepaid and other expenses	(275,176)	25,134
Inventories	(2,692)	(9,664)
Trade and other payables	175,117	255,817
Deferred revenues	(121,371)	338,668
Deferred grants attributable to operations	888,797	101,049
	(331,189)	**252,309**

Non-Cash Transactions

	2024	2023
	$	$
Government grants receivable for the acquisition of inventories	506	2,690
Government grants receivable for deposits made on the purchase of equipment	(106,011)	148,520
Government grants receivable for the purchase of property, plant and equipment	110,875	189,187
Property, plant and equipment acquired in accounts payables	-	153,237
Acquisition of a right-of-use asset against a lease obligation	28,500	2,172,600
Disposal of a right-of-use asset against a lease obligation	130,125	-
Revaluation of a right-of-use asset and a lease obligation	-	439,786