

INTEGRAL METALS CORP.

ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Integral Metals Corp.

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

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$2,836,612 during the year ended December 31, 2024 and, as of that date, the Company's total deficit was \$3,356,255. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, prepared under the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Assessment of Impairment of Exploration and Evaluation Assets and Sale of the Zig-Zag Property

As described in Note 5 of the consolidated financial statements, during the year ended December 31, 2024, the Company disposed of its interest in the Zig-Zag Lithium Property for total proceeds of \$350,000. The sale was part of a legal settlement following a dispute with a third party. In connection with the transaction, the company recognized an impairment charge of \$650,000 and a loss on sale of mineral property of \$30,813. The carrying amount of the Company's exploration and evaluation assets as at December 31, 2024, was \$319,243.



The assessment of impairment and accounting for the sale of the Zig-Zag Property was identified as a key audit matter due to the significance of the amounts involved, the complexity of the transaction, and the level of judgment required by management in determining the recoverable amount of the asset, assessing the transaction costs, and applying the relevant IFRS guidance.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators and the determination of the recoverable amount;
- Reviewing the Property Sale Agreement and Mutual Release Agreement with the third party to understand the terms of the transaction and to confirm settlement of the legal claim;
- Testing the proceeds received from the sale and the transaction related legal fees;
- Evaluating the appropriateness of the recognition and measurement of the impairment charge and loss on sale in accordance with IFRS;
- Assessing the presentation and disclosure of the transaction for completeness and accuracy; and
- Evaluating the intent for its remaining exploration and evaluation assets through discussion and communication with management.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANT

1111 - 1100 Melville Street
Vancouver, BC V6E 4A6

April 29, 2025

INTEGRAL METALS CORP.

Consolidated Statements of Financial Position

As at December 31, 2024 and 2023

(Expressed in Canadian Dollars)

As at	Notes	December 31, 2024	December 31, 2023
		\$	\$
ASSETS			
CURRENT			
Cash		322,499	1,826,019
GST receivable		100,666	25,092
Prepaid expenses		30,000	-
		453,165	1,851,111
NON-CURRENT			
Exploration advances	5	38,796	212,000
Exploration and evaluation assets	5/8	319,243	-
TOTAL ASSETS		811,204	2,063,111
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	8	288,473	55,704
Deferred government assistance	6	79,528	-
TOTAL LIABILITIES		368,001	55,704
SHAREHOLDERS' EQUITY			
Share capital	7	3,248,850	1,121,050
Share to be issued	7	-	1,406,000
Subscriptions receivable	7	(26,400)	-
Reserves	7	577,008	-
Deficit		(3,356,255)	(519,643)
TOTAL SHAREHOLDERS' EQUITY		443,203	2,007,407
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		811,204	2,063,111

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

Nature of operations (Note 1)

Going concern (Note 2)

Commitments (Note 13)

Subsequent events (Note 14)

Approved on behalf of the Board of Directors:

"Paul Sparkes"

Paul Sparkes, Director

"Paul More"

Paul More, Director

INTEGRAL METALS CORP.

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

	Notes	December 31, 2024	December 31, 2023
		\$	\$
OPERATING EXPENSES			
Advertising and marketing		57,943	-
Consulting fees	8	594,710	164,000
Exploration expense	5/8	71,301	-
Filing fees	8	229,629	18,420
Management fees	8	228,000	16,500
Office and miscellaneous		20,868	6,486
Professional fees		321,916	28,377
Share-based compensation	7/8	577,008	-
TOTAL OPERATING EXPENSES		(2,101,375)	(233,783)
Write-off of exploration and evaluation assets	5	(650,000)	-
Loss on sale of exploration and evaluation asset	5	(30,813)	-
Write-off of exploration advances	5	(54,424)	-
			-
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(2,836,612)	(233,783)
Loss per share,			
- Basic and diluted		(0.10)	(0.02)
Weighted average number of common shares outstanding			
- Basic and diluted		28,692,178	12,333,180

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

INTEGRAL METALS CORP.

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

	Notes	Common Shares (#)	Share Capital \$	Share to be Issued \$	Subscriptions Receivable \$	Reserves \$	Deficit \$	Total Shareholders' Equity \$
Balance, December 31, 2022		5,284,000	121,050	-	-	-	(285,860)	(164,810)
Private placement		20,000,000	1,000,000	-	-	-	-	1,000,000
Subscriptions received		-	-	1,406,000	-	-	-	1,406,000
Loss for the year		-	-	-	-	-	(233,783)	(233,783)
Balance, December 31, 2023		25,284,000	1,121,050	1,406,000	-	-	(519,643)	2,007,407
Private placement	7	2,396,334	1,437,800	(1,406,000)	(26,400)	-	-	5,400
Shares issued for exploration and evaluation assets	5,7	1,150,000	690,000	-	-	-	-	690,000
Share-based compensation	7	-	-	-	-	577,008	-	577,008
Loss for the year		-	-	-	-	-	(2,836,612)	(2,836,612)
Balance, December 31, 2024		28,830,334	3,248,850	-	(26,400)	577,008	(3,356,255)	443,203

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

INTEGRAL METALS CORP.

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

	Notes	December 31, 2024	December 31, 2023
		\$	\$
OPERATING ACTIVITIES			
Loss for the year		(2,836,612)	(233,783)
Items not affecting cash			
Impairment expense	5	650,000	-
Loss on sale of mineral property	5	30,813	-
Share-based compensation	7	577,008	-
Write-off of E&E advances	5	54,424	-
Changes in non-cash working capital items:			
GST receivable		(75,574)	(10,968)
Prepaid expenses		(30,000)	-
Accounts payable and accrued liabilities		164,967	(123,551)
Cash used in operating activities		(1,464,974)	(368,302)
INVESTING ACTIVITIES			
Exploration advances		(81,220)	(212,000)
Purchase of mineral rights		(230,000)	-
Exploration and evaluation expenditures		(176,069)	-
Sale of exploration and evaluation assets	5	350,000	-
Transaction costs paid		(29,294)	-
Cash used in investing activities		(166,583)	(212,000)
FINANCING ACTIVITIES			
Proceeds from shares issued	7	5,400	1,000,000
Government assistance grants received	6	122,637	-
Shares to be issued	7	-	1,406,000
Cash provided by financing activities		128,037	2,406,000
Net change in cash in the year		(1,503,520)	1,825,698
Cash, beginning of year		1,826,019	321
Cash, end of year		322,499	1,826,019

No interest or income tax was paid during the years ended December 31, 2024 and 2023.

Supplemental cash flow information (Note 12).

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

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Integral Metals Corp. (the “Company”) was incorporated under the laws of British Columbia on November 7, 2017. On December 20, 2023, the Company changes its name to “Integral Metals Corp.” from “Carmelo Capital Corp.” On October 31, 2024, the Company’s common shares were approved for listing and trading on the Canadian Securities Exchange (“CSE”), under the symbol “INTG”.

The Company’s registered office and principal place of business is 610, 505 3rd Street SW, Calgary, Alberta T2P 3E6.

The Company was incorporated with the intention of pursuing a strategic acquisition in the mineral exploration sector.

2. GOING CONCERN

The Company has incurred losses since inception and has no current source of operating revenue and is accordingly dependent upon the receipt of equity and/or related party debt financing on terms which are acceptable.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company does not generate cash flow from operations to fund its exploration activities and has therefore relied upon the issuance of securities for financing. The Company intends to rely upon the issuance of securities to finance its future operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future. The Company has incurred losses from inception, and during the year ended December 31, 2024, the Company recorded a loss of \$2,836,612 (2023 - \$233,783). As of December 31, 2024, the Company has a working capital of \$85,164 (2023 – \$1,795,407), and an accumulated deficit of \$3,356,255 (2023 – \$519,643).

Over the past few years, global stock markets have experienced volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic condition. The duration and impact of the higher inflationary environment, economic uncertainty, as well as the effectiveness of government and central bank responses cannot be predicted at this time.

These circumstances comprise a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements, and/or continue as a going concern, then material adjustments may be required to the carrying value of assets and liabilities and the statement of financial position classifications used. These financial statements do not include any adjustments that may arise should the Company be unable to continue as a going concern.

3. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements for the years ended December 31, 2024 and 2023 were authorized for issuance by the Board of Directors on April 29, 2025.

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (continued)

b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments if they are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

In these consolidated financial statements, unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Company and its subsidiary's functional and presentation currency.

c) Basis of consolidation

These consolidated financial statements include the operations of the Company and its wholly owned subsidiary as follows:

- Integral Metals Montana LLC, incorporated on December 19, 2024, in the state of Montana, United States

Subsidiaries are entities which the Company controls, either directly or indirectly, where control is defined as power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Company, and they are deconsolidated from the date on which control ceases. All intercompany transactions and balances have been eliminated upon consolidation.

d) Foreign currencies

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates and then translated into the functional currency. The Company and its subsidiary's functional and presentation currency is the Canadian dollar.

In preparing the consolidated financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the date of the statement of financial position, giving rise to foreign exchange gains and losses in the statement of loss and comprehensive loss. Non-monetary items are measured at their historical cost and are not retranslated. Revenues and expenses denominated in foreign currencies are translated at rates of exchange prevailing on the transaction dates. All exchange gains or losses are recognized immediately in the consolidated statement of loss and comprehensive loss in the period in which they are incurred.

e) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a regular basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Specific amounts and disclosures affected by estimates and assumptions are:

Estimates

- The provision for income taxes is based on judgments in applying income tax law and estimates on the timing, likelihood and reversal of temporary differences between the accounting and tax base of assets and liabilities (Note 9).

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (continued)

e) Critical accounting estimates and judgements (continued)

- The determination of the fair value of common shares is subject to certain management estimates as the Company was not publicly traded in an active market for certain periods contained within these consolidated financial statements. The fair market value of the common shares issued was determined by using the cash value paid to purchase shares around the time of issuance (Note 7).
- Management determines fair value for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using valuation techniques. Assumptions are made and judgement is used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates (Note 7).

Judgments

- The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year (Note 2).
- The Company is required to make certain judgements in assessing indicators of impairment for its exploration and evaluation assets. Judgment is required to determine if the right to explore will expire in the near future or is not expected to be renewed. Judgment is required to determine whether substantive expenditures on further exploration for and evaluation of mineral resources in specific areas will not be planned or budgeted. Judgment is required to determine if the exploration for and evaluation of mineral resources in specific areas have not led to the commercial viable quantities of mineral resources and the Company will discontinue such activities. Judgment is required to determine whether there are indications that the carrying amount of an exploration and evaluation property is unlikely to be recovered in full of successful development of the project or by sale (Note 5).

4. MATERIAL ACCOUNTING POLICY INFORMATION

a. Financial instruments

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial instruments at initial recognition.

The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Those financial assets that have contractual cash flows that are solely payments of principal and interest, are generally classified as at amortized cost. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by- instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

a. Financial instruments (continued)

ii. Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method, net of any impairment. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant term. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period. Interest expense is reported in profit or loss. The Company's cash and accounts payable and accrued liabilities are carried at amortized cost.

Financial assets and liabilities at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. The Company does not carry any financial instruments at FVTPL.

Financial assets and liabilities carried at FVTOCI are initially recorded at fair value less transaction costs. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTOCI are included in comprehensive income or loss in the period in which they arise. The Company has not elected carry any financial instruments at FVTOCI.

iii. Impairment of financial assets at amortized cost

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

iv. Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Financial liabilities are removed from the statement of financial position when the contract is extinguished, or, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss is recorded in profit or loss.

b. Cash

The Company considers cash in banks, deposits in transit, and highly liquid term deposits with original maturities of three months or less to be cash. Because of the short maturity of these instruments, the carrying amounts approximate their fair value. Restricted cash, if any, is excluded from cash. As at December 31, 2024 and 2023, the Company does not have any restricted cash.

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

c. Exploration and evaluation assets

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore an exploration and evaluation asset has been acquired, all costs related to the acquisition of the property and exploration on the property are capitalized on a property-by-property basis. All expenditures are capitalized until such time the properties are placed into commercial production, sold, abandoned or impaired. If commercial production is achieved from a mineral property, the related capitalized costs will be tested for impairment and reclassified to mineral property in production and will be accounted for under IAS 16.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. If it is determined that the carrying amount of an exploration and evaluation asset is impaired, that property is written down to its estimated net realizable value. Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of impairment is recognized as a gain in the statement of loss and comprehensive loss.

From time-to-time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, option payments are recorded as property costs or recoveries when paid or received. When recoveries exceed the carrying value of the mineral property, the excess is reflected in the statement of loss and comprehensive loss.

d. Related parties

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

e. Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of the financial asset or financial liability. The Company's common shares and share warrants that have no derivative elements are classified as equity instruments. Incremental costs directly attributable to the issue of new shares is shown in equity as a deduction from the proceeds.

Proceeds from the exercise of warrants are recorded as share capital in the amount for which the warrant enabled the holder to purchase a share in the Company.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital and the related residual value is transferred to share capital. For those warrants that expire, the recorded value is transferred to deficit.

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

f. Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current income tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit.

Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

f. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as a reduction to the carrying value of the related asset for which it is intended to compensate.

Where government grants have been received prior to complying with all attached conditions, the Company recognizes the grant within the statement of financial position as deferred government grants, which is recognized in income or as a reduction to the carrying value of assets when all conditions are met.

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

g. Loss per share

Basic loss per share is computed by dividing net loss (the numerator) by the weighted average number of outstanding common shares for the period (the denominator). In computing diluted loss per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same.

h. New standards adopted

New accounting standards adopted

Amendments to IAS 1, Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current

In January 2020 and October 2022, the IASB issued amendments to clarify the requirements for classifying liabilities current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those that will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2024, with early adoption permitted, and the amendments are to be applied retrospectively. The adoption of the amendment during the year ended December 31, 2024 did not have a significant impact on the Company's consolidated financial statements.

New accounting standards announced but not yet effective

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS AND EXPENSES

The following table summarizes the Company's exploration and evaluation assets by property at December 31, 2024:

	Burntwood Property	KAP Property	Zig-Zag Lithium	Total
	\$	\$	\$	\$
Balance, December 31, 2022 and 2023	-	-	-	-
<u>Acquisition costs:</u>				
Cash	30,000	-	400,000	430,000
Shares issued	90,000	-	600,000	690,000
	120,000	-	1,000,000	1,120,000
<u>Capitalized expenditures:</u>				
Staking	-	1,875	-	1,875
Geologist and geological services	-	82,754	-	82,754
Field exploration cost & administration	90,033	46,267	-	136,300
Reporting	-	21,423	-	21,423
	90,033	152,319	-	242,352
Government assistance grant (Note 6)	(4,268)	(38,841)	-	(43,109)
Impairment expense	-	-	(650,000)	(650,000)
Sale of assets	-	-	(350,000)	(350,000)
Balance, December 31, 2024	205,765	113,478	-	319,243

a) KAP Project, North West Territories, Canada

During the year ended December 31, 2024, the Company staked claims in the North West Territories, known as the KAP project. The property comprises of six mineral claims and is 100% owned by the Company. The Company obtained legal title to the property on April 24, 2024 and had incurred exploration expenses of \$47,688, previous to obtaining title. As a result, the Company had expensed these costs in accordance with the Company's accounting policy.

b) Zig-Zag Lithium Property, Ontario, Canada

On January 8, 2024, the Company acquired a 100% interest in the Zig-Zag Lake Lithium Property (the "Property"), located near Crescent Lake, Ontario, from Reflex Advanced Material Corp. (the "Seller") pursuant to a property purchase agreement dated January 8, 2024 (the "Purchase Agreement"). Pursuant to the Purchase Agreement, the Company paid \$400,000 (of which \$200,000 was advanced during the year ended December 31, 2023) to the Seller and issued 1,000,000 common shares in the capital of the Company (the "Consideration Shares"), valued at \$600,000 as consideration for the Property. The Consideration Shares are subject to an indefinite hold period under applicable securities laws that will expire four months and one day after the later of the date of issuance of the Consideration Shares and the date that the Company has become a reporting issuer in any province or territory of Canada. In addition, the Consideration Shares will be subject to a 24-month escrow release schedule with 250,000 Consideration Shares being released every six months following issuance. No finder's fees or commissions were paid in connection with the acquisition of the Property.

On April 4, 2024, the Company was served with a Statement of Claim in Ontario with respect to a claim by Volta Metals Ltd. ("Volta") against Reflex Advanced Materials Corp., the Company, and Paul Gorman (the "Volta Claim"). Pursuant to the Volta Claim, Volta alleges that it validly exercised a right of first refusal in respect of the Company's acquisition of the Zigzag Project and, among other remedies, seeks an order unwinding the Company's purchase of the Zigzag Project. The parties have been in discussions, and on November 8, 2024, the claim was settled whereby the Company sold the Zig-Zag project to Volta for total proceeds of \$350,000.

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS AND EXPENSES (continued)

As a result of the settlement, the Company determined the fair value of the Zig-Zag Project to be \$350,000 and adjusted the carrying value of the asset accordingly, recording an impairment charge of \$650,000 in the consolidated statement of loss and comprehensive loss. In addition, the Company wrote-off \$54,424 in exploration and evaluation advances related to the Zig-Zag Project, which was recognized in the consolidated statement of loss and comprehensive as write-off of exploration and evaluation advances.

In connection with the sale, the Company incurred transaction costs totaling \$30,813, primarily legal fees. These costs were directly attributable to the sale of the Zig-Zag Project and were deducted from the sale proceeds, resulting in a loss on sale of mineral property of \$30,813, recognized in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2024. Of the total legal fees, \$1,518 remained outstanding in accounts payable as at December 31, 2024.

Concurrent with the sale, Volta and the Company executed a mutual release, resolving all claims between the parties in connection with the litigation regarding the Company's acquisition of the Property from Reflex.

c) Burntwood Property, Manitoba, Canada

On May 24, 2024, the Company entered into a Property Purchase Agreement with 10148942 Manitoba Limited o/a Critical Discoveries ("Critical Discoveries") to acquire a 100% interest in the Burntwood Property, located in northern Manitoba for the initial consideration of 150,000 common shares of the Company, issued and valued at \$90,000, \$30,000 cash (paid), and the issuance of a 1.5% net smelter returns royalty from mineral products sold from the specified property. The royalty payments will commence upon the start of commercial production and are calculated and paid on a quarterly basis. The Company has the option to eliminate future royalty payments through a buydown payment of \$1,000,000 to Critical Discoveries. Additional consideration of up to 150,000 common shares may be due to Critical Discoveries should certain conditions be met during the earn-out period, as defined by the Property Purchase Agreement.

6. GOVERNMENT GRANTS

During the year ended December 31, 2024, the Company applied for and received \$122,637 from various government grant programs. The programs are outlined below:

a) The Government of Northwest Territories ("GNWT")

During the year ended December 31, 2024, the Company entered into a contribution agreement with the Government of the Northwest Territories under the Mining Incentive Program to support exploration activities on the KAP Property. The agreement provides for a maximum contribution of \$114,874 based on total approved eligible project costs of \$382,911. The Company received an initial advance of \$97,642 and incurred \$152,319 in eligible expenditures during the year. In accordance with IAS 20, \$38,841 of the grant was recognized as a reduction to exploration and evaluation assets, representing the proportionate share of eligible expenditures incurred (Note 5). The remaining \$58,801 was recorded as deferred government assistance and will be recognized as additional eligible expenditures are incurred.

b) Manitoba Mineral Development Fund ("MMDF")

During the year ended December 31, 2024, the Company entered into a grant agreement with MMDF Corporation, which administers the Manitoba Mineral Development Fund on behalf of the Government of Manitoba, to support exploration activities on the Burntwood Rare Earth Project. The agreement provides for a maximum contribution of \$50,000 based on total approved eligible project costs of \$527,250. The Company received an initial advance of \$24,995 and incurred \$90,033 in eligible expenditures during the year. In accordance with IAS 20, \$4,268 of the grant was recognized as a reduction to exploration and evaluation assets, representing the proportionate share of eligible expenditures incurred. The remaining \$20,727 was recorded as deferred government assistance and will be recognized as additional eligible expenditures are incurred (Note 5).

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

6. GOVERNMENT GRANTS

b) Manitoba Mineral Development Fund ("MMDF")

With respect to the Company's 2024-2025 Field Program at the Burntwood Project, the Company entered into a Research Collaboration agreement with the University of Regina, effective April 30, 2024, to support geochemical, biogeochemical, and geomicrobial surveying fieldwork. Under the agreement, the Company is committed to fund \$131,300, including \$90,050 payable directly to the University of Regina and \$41,250 payable through Mitacs, contingent upon the approval of joint NSERC-Mitacs funding (Note 13).

As at December 31, 2024, the Company had made payments totaling \$30,000 under this agreement.

7. SHARE CAPITAL

a) Authorized Share Capital

Unlimited number of common shares without par value.

b) Issued Share Capital

As of December 31, 2024, the Company had 28,830,334 (2023 – 25,284,000) common shares issued and outstanding.

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

On January 8, 2024, the Company issued 1,000,000 common shares, valued at \$600,000, pursuant to the Zig-Zag Lithium property purchase agreement (Note 5).

On January 10, 2024, the Company completed a non-brokered private placement of 2,343,334 units of the Company at \$0.60 per unit for aggregate gross proceeds of \$1,406,000. The proceeds of \$1,406,000 were collected during the year ended December 31, 2023, and were reclassified to share capital from shares to be issued during the year ended December 31, 2024. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable at a price of \$0.85 per share for two years from the date of issuance. There was no residual value allocated to the warrants.

On June 24, 2024, the Company issued 150,000 common shares, valued at \$90,000, pursuant to the Burntwood Property purchase agreement (Note 5).

On October 31, 2024, the Company issued 53,000 common shares valued at \$0.60 per share for aggregate gross proceeds of \$31,800, of which \$26,400 remained outstanding as subscription receivables as at December 31, 2024.

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

On August 24, 2023, the Company completed a non-brokered private placement of 20,000,000 units of the Company at \$0.05 per unit for aggregate gross proceeds of \$1,000,000. Each unit is composed of one common share and one common share purchase warrant. Each warrant is exercisable at a price of \$0.10 per share for three years from the date of issuance. There was no residual value allocated to the warrants.

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

c) Warrants

A summary of the Company's common share purchase warrants is as follows:

	Warrants outstanding	Weighted average exercise price
Balance, December 31, 2022	-	-
Issued	20,000,000	\$0.10
Balance, December 31, 2023	20,000,000	\$0.10
Issued	2,343,334	\$0.85
Balance, December 31, 2024	22,343,334	\$0.18

Grant date	Expiry date	Exercise price	December 31, 2024 Outstanding
August 24, 2023	August 24, 2026	\$0.10	20,000,000
January 10, 2024	January 10, 2026	\$0.85	2,343,334
			22,343,334

As at December 31, 2024, the warrants have a weighted average remaining life of 1.58 years (2023 – 2.65).

d) Stock Options

On May 27, 2024, the shareholders of the Company approved the adoption of an equity incentive plan (the "2024 Equity Incentive Plan") to align the interest of the Company's officers, directors, employees, and service providers with its shareholders, associate compensation with shareholder returns, and attract and retain skilled individuals.

Under the 2024 Equity Incentive Plan, the Company may, from time-to-time, in its discretion, grant to directors, officers and service providers, non-transferable options to purchase common shares. Pursuant to the 2024 Equity Incentive Plan, the number of common shares reserve for issuance will not exceed 20% of the issued and outstanding common shares of the Company. Options granted under the Equity Incentive Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

A summary of the Company's stock options ("options") is as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2022 and 2023	-	-
Granted	1,650,000	\$0.60
Forfeited	(150,000)	(\$0.60)
Balance, December 31, 2024	1,500,000	\$0.60

On June 11, 2024, the Company granted 1,650,000 options to certain directors and officers, with an exercise price of \$0.60 per option, expiring on June 11, 2029. The options shall vest in four equal installments over a one-year period from the grant date. The fair value of the options at grant date was \$750,983, of which \$563,195 (2023 - \$nil) was recognized during the year ended December 31, 2024, based on the vesting terms.

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

d) Stock Options (continued)

At December 31, 2024, the following options were outstanding:

Grant date	Number of options	Exercisable	Exercise price	Expiry date	Weighted average remaining life
June 11, 2024	1,500,000	750,000	\$0.60	June 11, 2029	4.45

The fair value of each option granted was determined using the Black-Scholes option pricing model with the weighted average assumptions as follows:

	December 31, 2024	December 31, 2023
Exercise price	\$0.60	-
Stock price	\$0.60	-
Risk-free interest rate	3.47%	-
Volatility	100%	-
Dividend yield	-	-
Expected life (years)	5.00	-
Forfeiture rate	-	-

e) Restricted share units

On May 27, 2024, the shareholders of the Company approved the adoption of the 2024 Equity Incentive Plan, which provides that the Board of Directors of the Company may, from time to time, grant directors, officers, employees and service providers of the Company, non-transferable RSUs. The expiry date for each restricted share unit shall be set by the Board of Directors at the time of issue. A vesting schedule or performance conditions may be imposed at the discretion of the Board of Directors at the time issue. The number of common shares reserve for issuance will not exceed 20% of the issued and outstanding common shares of the Company.

On November 15, 2023, the Company entered into a consulting agreement with the Vice President of Exploration, which includes a grant of 200,000 RSUs subject to milestone-based vesting (Note 13). As at December 31, 2024, 25,000 RSUs vested upon the listing of the Company's common shares on a stock exchange. Although the RSUs had not been formally issued by year-end, the Company recognized stock-based compensation of \$13,813 based on the fair value at the vesting date.

f) Escrow shares

On October 25, 2024, the Company entered into an escrow agreement with Odyssey Trust company, and certain shareholders pursuant to National Policy 46-201 – Escrow for Initial Public Offerings, in connection with the listing of its common shares on the Canadian Securities Exchange ("CSE"). A total of 2,400,000 common shares of the Company were placed in escrow.

Under the terms of the agreement, 10% of the escrowed shares were released on the listing date, with the remaining 90% to be released in 15% tranches every six months over a 36-month period.

As at December 31, 2024, 2,160,000 (2023 – nil) common shares were held in escrow.

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has determined that key management personnel consists of the directors and corporate officers.

The aggregate value of transactions relating to key management personnel during the years ended December 31, 2024 and 2023 were as follows:

For the Years Ended	December 31, 2024	December 31, 2023
	\$	\$
Consulting fees (to company controlled by a Director of the Company)	219,000	140,000
Corporate secretary fees (to company controlled by a Director of the Company)	99,827	15,400
Investor relations fees (to company controlled by a Director of the Company)	3,000	-
Management fees (to company controlled by CEO)	90,000	7,500
Management fees (to company controlled by VP Exploration)	72,000	9,000
Management fees (to company controlled by CFO)	66,000	-
Exploration and evaluation expenditures (to company partially controlled by VP Exploration)	132,318	-
Share-based compensation (to directors and officers)	577,008	-
Total	1,259,153	171,900

As at December 31, 2024, \$42,707 (2023 – \$24,660) was owing to key management personnel or companies controlled by director or key management personnel and the amounts were included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

9. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows for the years ended December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
	\$	\$
Loss for the year	(2,836,612)	(233,783)
Combined tax rate	27%	27%
Expected income tax recovery	(766,000)	(63,000)
Permanent differences	163,000	-
Change in unrecognized deductible temporary differences	603,000	63,000
Total income tax recovery	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been recognized are as follows:

	December 31, 2024	December 31, 2023
	\$	\$
Exploration and evaluation assets	176,000	-
Non-capital losses carry forwards	567,000	140,000
Net deferred tax assets not recognized	743,000	140,000

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

9. INCOME TAXES (continued)

As at December 31, 2024, the Company has approximately \$2,098,000 (2023 – \$520,000) in non-capital losses to carry forward to future years, expiring as follows:

Year of expiry	\$
2044	1,579,000
2043	234,000
2042	118,000
2041	52,000
2040	115,000
	2,098,000

10. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its shareholders' equity. As of December 31, 2024, the Company's share capital was \$3,248,850 (2023 – \$1,121,050).

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are intended to be secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits. The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Management's assessment of the Company's exposure to credit risk on its \$322,499 (2023 - \$1,826,019) in cash is low as the Company's cash is held with major Canadian financial institution.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at December 31, 2024, the Company's working capital surplus is \$85,164 (2023 – \$1,795,407) and it does not have any long-term monetary liabilities.

The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2024, the Company had cash of \$322,499 (2023 – \$1,826,019) and total liabilities of \$368,001 (2023 – \$55,704).

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Risk Management (continued)

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and equity prices. The Company is currently not subject to market risk.

(iv) Currency Risk

The operating results and financial position of the Company and its subsidiary are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency risk.

The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

As at December 31, 2024, a change of 10% in the foreign exchange rates would affect the consolidated statements of loss and comprehensive loss by \$3,480 (2023 – \$nil)

b) Fair values

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

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's consolidated financial instruments consist of cash, subscription receivable and accounts payable and accrued liabilities, which are carried at amortized cost. The Company has no financial instruments carried at fair value. The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities.

12. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

During the year ended December 31, 2024:

- a) The Company issued 1,000,000 common shares, valued at \$600,000, pursuant to the Zig-Zag Lithium property purchase agreement (Note 5).
- b) The Company issued 150,000 common shares, valued at \$90,000, pursuant to the Burntwood Property purchase agreement (Note 5).

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

12. SUPPLEMENTAL CASH FLOW INFORMATION (continued)

- c) The Company reclassified \$200,000 from exploration and evaluation advances to exploration and evaluation assets (Note 5).
- d) The Company reclassified \$1,406,000 from shares to be issued to share capital upon completion of non-brokered private placement (Note 7).
- e) The Company recognized \$26,400 of subscriptions receivable in share capital (Note 7).
- f) As at December 31, 2024, the Company had \$66,283 in accounts payable relating to exploration and evaluation expenditures.
- g) As at December 31, 2024, the Company had \$1,519 in accounts payable relating to the transaction costs associated with the sale of Zig-Zag Lithium property.

During the year ended December 31, 2023, there were no non-cash investing or financing activities

13. COMMITMENTS

Share-based compensation commitment

In accordance with a consulting agreement entered into with the Vice President of Exploration on November 15, 2023, the Company will be obligated to grant 200,000 restricted share units ("RSUs") under the terms of the Company's share-based compensation plan, once implemented. The RSUs shall vest as follows: 25,000 RSUs will vest on the date on which the shares are listed on a stock exchange; 25,000 RSUs will vest on the date on which the Company completes a field sampling and/or geophysical exploration program at the Company's material mineral property; 50,000 RSUs will vest on the date on which the Company completes an exploration drilling program at the project involving at least 2,000 meters of drilling; 50,000 RSUs will vest on the date on which the Company completes the acquisition of a second lithium-prospective property; and 50,000 RSUs will vest on the date on which the Company publicly files a NI 43-101 on the project, declaring a mineral resource estimate of 2 million tonnes or greater of lithium carbonate equivalent, calculated in accordance with customary industry calculation methodologies.

As at December 31, 2024, the Company achieved one of the defined milestones, listing its common shares on a stock exchange, which triggered the vesting of 25,000 RSUs. Although the RSUs had not been formally issued by year-end, the Company recognized stock-based compensation of \$13,813, based on the fair value at the date of vesting (Note 7).

Legal consulting agreement commitment

The Company has an agreement with a legal consultant, whereby the Company pays the consultant \$5,000 per month, plus applicable taxes, for the provision of legal services. The agreement became effective on September 1, 2024, and expires on September 1, 2025. The agreement may be extended by mutual consent or terminated at any time by either party. If the consultant terminates the agreement due to a material breach by the Company, the Company is required to pay the consultant, within 10 days of termination, an amount equal to six months of monthly fee.

In the event the agreement is terminated by either party within 12 months following a change of control of the Company, the consultant will be entitled to receive a lump sum payment equal to twelve months of the monthly fee, plus applicable taxes, and any outstanding share-based compensation awards held by the consultant shall immediately vest in accordance with the Company's equity compensation plan.

INTEGRAL METALS CORP.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

13. COMMITMENTS

Research Collaboration Funding Commitment

Under the Research Collaboration Agreement with the University of Regina (Note 6), the Company has committed to provide total funding of \$131,000 to support a geomicrobiology research project conducted under the NSERC Alliance Grants, Mitacs Accelerate program.

This amount comprises a \$90,050 direct contribution to the University and a \$41,250 contribution through Mitacs. The term of the agreement is one year, commencing April 30, 2024, and ending April 26, 2025.

As at December 31, 2024, a total of \$101,300 remained payable under the terms of the agreement.

14. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2024:

- the Company granted 1,450,000 RSUs to directors, officers and consultants of the Company. Each RSU entitles the holder to receive one common share of the Company upon the vesting of such RSU. The RSUs will vest in four equal installments over a one-year period, with vesting dates from April 8, 2025 to January 8, 2026.
- the Company granted 300,000 stock options to consultants of the Company. Each option is exercisable at \$0.45 per share and expires on January 8, 2028. The options vest in four equal installments over a one-year period, with vesting dates from April 8, 2025 to January 8, 2026.
- 2,000,000 warrants were exercised at a price of \$0.10 for total proceeds of \$200,000.