



UCORE RARE METALS INC.

Unaudited Condensed Interim Consolidated Financial Statements

For the three-month period ended March 31, 2025

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, then such financial statements must be accompanied by a notice to this effect. Management of Ucore Rare Metals Inc. has prepared these condensed interim consolidated financial statements. Management has compiled the unaudited condensed interim consolidated statement of financial position of Ucore Rare Metals Inc. as at March 31, 2025, the audited consolidated statement of financial position as at December 31, 2024 and the unaudited condensed interim consolidated statements of comprehensive loss, changes in shareholder's equity and cash flows for the three-month period ended March 31, 2025 and March 31, 2024. The Company's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the March 31, 2025 condensed interim consolidated financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

UCORE RARE METALS INC.

Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian dollars
(Unaudited - Prepared by Management)

	March 31, 2025	December 31, 2024
	\$	\$
ASSETS		
Current assets		
Cash	2,573,821	627,522
Receivables (note 7)	616,202	3,173,702
Prepaid expenses and other	334,684	359,215
	<u>3,524,707</u>	<u>4,160,439</u>
Other asset	73,488	73,581
Plant and equipment (note 8)	5,618,132	6,059,403
Right-of-use assets (note 9)	2,630,474	2,732,753
Intellectual property (note 10)	7,400,652	7,533,625
Resource properties and related exploration costs (note 11)	41,477,029	41,495,510
	<u>60,724,482</u>	<u>62,055,311</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	3,865,325	5,272,785
Lease liabilities (note 12)	143,362	137,819
Convertible debentures (note 14)	4,250,299	2,789,726
	<u>8,258,986</u>	<u>8,200,330</u>
Long-term liabilities		
Loans payable (note 13)	9,435,610	9,326,660
Lease liabilities (note 12)	2,841,948	2,883,650
	<u>20,536,544</u>	<u>20,410,640</u>
Shareholders' equity		
Share capital (note 15)	94,659,402	92,876,671
Contributed surplus (note 15)	30,077,594	29,911,487
Warrants (note 15)	10,591,145	8,852,243
Accumulated other comprehensive income	6,560,652	6,581,573
Deficit	(101,700,855)	(96,577,303)
	<u>40,187,938</u>	<u>41,644,671</u>
	<u>60,724,482</u>	<u>62,055,311</u>

Going concern (note 2)
Contingency (note 19)
Subsequent events (note 20)

Approved on behalf of the Board of Directors

(s) Patrick Ryan
Patrick Ryan, CEO and Director

(s) Geoff Clarke
Geoff Clarke, Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

UCORE RARE METALS INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars

For the quarters ended March 31

(Unaudited - Prepared by Management)

	2025	Restated (note 4) 2024
	\$	\$
EXPENSES		
Amortization	236,052	234,646
Investor relations and marketing	145,753	110,157
Office and premises	60,220	66,210
Professional services (note 16)	214,653	414,447
Salaries and management fees (note 16)	290,714	299,068
Securities and regulatory	16,150	35,073
Research and development, net (note 7)	1,765,841	2,192,840
Share-based payments (note 15 and 16)	163,214	194,904
Travel	92,798	47,202
	<u>2,985,395</u>	<u>3,594,547</u>
OTHER INCOME (EXPENSES)		
Other income (note 9)	25,121	132,243
Interest and accretion expense (note 12, 13, and 14)	(737,649)	(448,012)
Fair value adjustment of derivative liabilities (note 14)	(1,347,777)	742,610
Financing fees (note 14)	-	(142,071)
Loss on the conversion of convertible debentures (note 14)	(51,897)	-
Foreign exchange loss	(25,955)	(100,347)
	<u>(2,138,157)</u>	<u>184,423</u>
NET LOSS	<u>(5,123,552)</u>	<u>(3,410,124)</u>
Net Loss per share - basic and diluted	<u>(0.08)</u>	<u>(0.06)</u>
Weighted average number of basic and diluted common shares outstanding	<u>67,667,305</u>	<u>61,819,425</u>
COMPREHENSIVE LOSS:		
Net loss for the period	(5,123,552)	(3,410,124)
<i>Items which may be subsequently recycled through profit or loss</i>		
Foreign currency translation difference arising on translation of foreign subsidiaries	(20,921)	(846,279)
	<u>(5,144,473)</u>	<u>(4,256,403)</u>

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

UCORE RARE METALS INC.

Condensed Interim Consolidated Statements of Changes in Equity

Expressed in Canadian dollars

(Unaudited - Prepared by Management)

	Number of Shares	Share Capital	Contributed Surplus	Warrants	Accumulated Other Comprehensive (Loss) Income	Deficit	Total Equity
Balance at January 1, 2024	61,819,425	\$ 90,783,599	\$ 28,910,719	\$ 7,037,088	\$ 4,744,820	\$ (82,400,058)	\$ 49,076,168
Net loss (restated note 4)	-	-	-	-	-	(3,410,124)	(3,410,124)
Issuance of warrants (note 14)	-	-	-	90,930	-	-	90,930
Foreign currency translation adjustment	-	-	-	-	474,754	-	474,754
Expiry of warrants (note 15)	-	-	370,270	(370,270)	-	-	-
Share-based payments (note 15)	-	-	204,055	-	-	-	204,055
Balance at March 31, 2024	61,819,425	\$ 90,783,599	\$ 29,485,044	\$ 6,757,748	\$ 5,219,574	\$ (85,810,182)	\$ 46,435,783
Balance at January 1, 2025	66,881,831	\$ 92,876,671	\$ 29,911,487	\$ 8,852,243	\$ 6,581,573	\$ (96,577,303)	\$ 41,644,671
Net loss	-	-	-	-	-	(5,123,552)	(5,123,552)
Shares issued on the exercise of warrants (note 15)	123,500	147,877	-	(44,077)	-	-	103,800
Shares issued on the exercise of compensation options (note 15)	3,645	3,049	-	596	-	-	3,645
Foreign currency translation adjustment	-	-	-	-	(20,921)	-	(20,921)
Shares and warrants issued on the conversion of convertible debentures (note 14)	173,332	142,666	-	13,300	-	-	155,966
Private placement (net of issuance costs) (note 15)	5,555,800	1,489,139	-	1,769,083	-	-	3,258,222
Share-based payments (note 15)	-	-	166,107	-	-	-	166,107
Balance at March 31, 2025	72,738,108	\$ 94,659,402	\$ 30,077,594	\$ 10,591,145	\$ 6,560,652	\$ (101,700,855)	\$ 40,187,938

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

UCORE RARE METALS INC.

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the quarters ended March 31

(Unaudited - Prepared by Management)

	2025	Restated (note 4) 2024
	\$	\$
CASH FLOWS FROM (USED) IN OPERATING ACTIVITIES		
Net loss for the period	(5,123,552)	(3,410,124)
Adjustments and items not involving cash:		
Amortization	236,052	234,646
Amortization recorded in research and development (note 8)	442,889	447,809
Fair value adjustment of derivative liabilities (note 14)	1,347,777	(742,610)
Financing fees (note 14)	-	142,071
Share-based payments (note 15)	163,214	194,904
Share-based payments in research and development (note 15)	2,893	9,151
Interest and accretion expense	651,524	403,145
Loss on the conversion of convertible debentures (note 14)	51,897	-
Unrealized foreign exchange (gain) loss	(11,849)	91,447
	<u>(2,239,155)</u>	<u>(2,629,561)</u>
Change in non-cash operating working capital:		
Receivables	2,557,500	21,747
Prepaid expenses and other	24,531	155,518
Accounts payable and accrued liabilities	<u>(1,407,535)</u>	<u>2,710,576</u>
Cash flows (used) from operating activities	<u>(1,064,659)</u>	<u>258,280</u>
CASH FLOWS FROM (USED) IN FINANCING ACTIVITIES		
Interest paid on lease liabilities (note 12)	(63,201)	(67,724)
Repayment of lease liabilities (note 12)	(32,613)	(83,863)
Proceeds from convertible debentures (note 14)	-	1,900,750
Repayment of interest on loans payable (note 13)	(251,062)	-
Proceeds from the exercise of compensation options (note 15)	3,645	-
Proceeds from the exercise of warrants (note 15)	103,800	-
Proceeds from the issuance of common shares (net costs) (note 15)	<u>3,258,222</u>	<u>-</u>
Cash flows from financing activities	<u>3,018,791</u>	<u>1,749,163</u>
CASH FLOWS FROM (USED) IN INVESTING ACTIVITIES		
Purchase of plant and equipment, net	(2,419)	(1,930,463)
Additions to resource properties and related exploration costs	<u>(5,254)</u>	<u>(7,337)</u>
Cash flows used in investing activities	<u>(7,673)</u>	<u>(1,937,800)</u>
INCREASE IN CASH	1,946,459	69,643
Foreign exchange impact on cash	(160)	1,434
CASH, beginning of period	627,522	248,382
CASH, end of period	<u>2,573,821</u>	<u>319,459</u>

Supplementary Cash Flow Information (note 18)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

UCORE RARE METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the three-month period ended March 31, 2025

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Ucore Rare Metals Inc. ("Ucore" or the "Company") is a corporation domiciled in Canada with its head office located at 210 Waterfront Drive, Suite 106, Bedford, Nova Scotia, B4A 0H3. The Company is focused on rare and critical metal resources, extraction, beneficiation, and separation technologies, aiming for production growth and scalability. Ucore holds an effective 100% ownership stake in the Bokan-Dotson Ridge rare earth element project in southeast Alaska, United States (see note 11). On May 8, 2020, Ucore enhanced its technological capabilities by acquiring 100% of the issued and outstanding shares of Innovation Metals Corp. ("IMC"), which developed the proprietary RapidSX™ process for the low-cost separation and purification of rare earth elements ("REEs") and other technology metals. This acquisition is part of the Company's vision to become a leading advanced technology company, providing top-tier metal separation products and services to the mining and mineral extraction industry. IMC is commercializing this technology to support the competitiveness of mining and metal-recycling companies globally. To date, the Company has not earned significant revenues and is considered a development stage enterprise.

2. GOING CONCERN

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, as described in the following paragraphs.

The Company has no sources of revenue, experienced significant losses and negative cash flows from operations in 2025 and 2024, has negative working capital and has a deficit. Management estimates that the Company may not have sufficient funds to fund all of the Company's planned expenditures in 2025. The ability of the Company to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business, expand upon its exploration and development programs, continue commercialization of the Company's RapidSX™ technology, and construct the Company's Strategic Metals Complex is contingent upon securing financing or monetizing assets. The Company is actively pursuing various financing alternatives including equity and debt financing to increase its liquidity and capital resources. The timing and availability of additional financing will be determined largely by market conditions, and the commercialization of Company's RapidSX™ technology.

Although the Company has historically been successful in obtaining financing in the past, there can be no assurances that the Company will be able to obtain adequate financing in the future or generate future sources of revenue. This represents a material uncertainty that casts substantial doubt on the Company's ability to continue as a going concern. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

3. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

The date the Board of Directors approved these condensed interim financial statements is May 9, 2025.

Basis of measurement

These condensed interim consolidated financial statements have been prepared using the historical cost basis except for certain financial instruments that have been measured at fair value. All intercompany transactions, balances, and expenses are eliminated on consolidation.

3. BASIS OF PRESENTATION (continued)

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Company.

Use of estimates and judgments

The preparation of financial statements requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgments based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

The use of estimates and judgments are the same as those applied in the Company's consolidated financial statements as at and for the year ended December 31, 2024.

4. RESTATEMENT OF COMPARATIVE FIGURES

The Company has restated the statement of loss and comprehensive loss, statement of cash flow, and statement of changes in equity for the three-month period ended March 31, 2024, to reflect year-end December 31, 2024 adjusting journal entries. All information with respect to adjusted comparative figures was restated to reflect the year end journal entries.

There is no net impact on the statement of financial position, loss and comprehensive loss, cash flows or loss per share in the audited financial statements for the year ended December 31, 2024, as a result of the restatement.

The restatement of comparative figures relates to the accounting treatment applied on initial recognition of convertible debentures issued on January 30, 2024, and February 9, 2024. As a result of the adjustments, for the three-month period ended March 31, 2024, the Company recognized a reduction in the host liability component of the convertible debentures of \$1,009,847, a reversal of the previously recognized loss on initial recognition of \$1,079,112, an increase in accretion expense of \$18,398, and an increase in financing fees of \$50,878. These adjustments had no impact on cash flows from operating activities, financing, or investing activities.

5. ACCOUNTING POLICIES, CHANGES AND RECENT PRONOUNCEMENTS

The accounting policies applied in these condensed interim consolidated financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended December 31, 2024.

Other accounting standards issued but not yet effective

The Company is in the process of determining how the following new and amended standards could impact its financial statements.

The IASB has issued classification and measurement and disclosure amendments to IFRS 9 and IFRS 7 with an effective date for years beginning on or after January 1, 2026 with earlier application permitted. The amendments clarify the date of recognition and derecognition of some financial assets and liabilities and introduce a new exception for some financial liabilities settled through an electronic payment system. Other changes include a clarification of the requirements when assessing whether a financial asset meets the solely payments of principal and interest criteria and new disclosures for certain instruments with contractual terms that can change cash flows.

UCORE RARE METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the three-month period ended March 31, 2025

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(Expressed in Canadian dollars)

5. ACCOUNTING POLICIES, CHANGES AND RECENT PRONOUNCEMENTS (continued)

IFRS 18, Presentation and Disclosure in Financial Statements is a new standard that will provide new presentation and disclosure requirements and replace International Accounting Standard 1, Presentation of Financial Statements (IAS 1). IFRS 18 introduces changes to the structure of the income statement; provides required disclosures in financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and provides enhanced principles on Annual Report Consolidated Financial Statements aggregation and disaggregation in financial statements. Many other existing principles in IAS 1 have been maintained. IFRS 18 is effective for years beginning on or after January 1, 2027, with earlier application permitted.

6. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity of \$40,187,938 (December 31, 2024 - \$41,664,671). The Company's objective when managing capital is to maintain adequate levels of funding to support the advancement of the Company's prospective separation technology, the acquisition and exploration of resource properties, and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity and debt financings. Future financings are dependent on market conditions, and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in a high interest savings account. There were no changes to the Company's approach to capital management during the period.

7. RECEIVABLES

The following table is a summary of the Company's amounts receivable at March 31, 2025, and December 31, 2024.

	March 31, 2025 (\$)	December 31, 2024 (\$)
Goods and Service Tax / Harmonized Sales Tax	160,920	108,581
SR&ED tax credit receivable	300,000	240,000
US DoD	-	2,555,634
CMIF	-	200,000
NRC-CMRDD	155,282	69,487
Total	616,202	3,173,702

Scientific Research and Experimental Development Tax Credit ("SR&ED")

SR&ED credits are recorded as a cost recovery against research and development and the Company's RapidSX™ Pilot Plant (note 8). During the three-month period ended March 31, 2025, the Company recorded a cost recovery to research and development of \$60,000 (March 31, 2024 - \$60,000)

Government assistance

United States Department of Defense ("US DoD")

On June 2, 2023, the Company was awarded a fixed firm-price \$4,000,000 USD government grant by the United States Army Contracting Command-Orlando (ACC-ORL or U.S. DoD (Department of Defense)) to conduct a rare earth element separation technology capabilities prototype project at the Company's RapidSX™ commercialization and demonstration facility. The Company receives payments based on milestones, which are divided into fixed tranches and are dependent on the successful completion of specific project stages. During the three-month period ended March 31, 2025, the Company recorded a cost recovery of \$Nil (March 31, 2024 - \$340,683) in research and development. At March 31, 2025, the amount outstanding from US DoD for completed milestones was \$Nil (December 31, 2024 - \$2,555,634).

UCORE RARE METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the three-month period ended March 31, 2025

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7. RECEIVABLES (continued)

Critical Minerals Innovation Fund ("CMIF")

On November 19, 2024, the Company was awarded \$500,000 in partnership with Ontario's Critical Minerals Innovation Fund. The funding contribution is for the advancement of the continuous improvement process at the Company's RapidSX™ commercial demonstration facility. The Company receives payments based on project milestones. During the year ended December 31, 2024, the Company recorded a cost recovery of \$200,000. At March 31, 2025, the amount outstanding from CMIF for completed milestones was \$Nil (December 31, 2024 - \$200,000).

National Research Council of Canada's Critical Minerals Research Development and Demonstration Program ("NRC-CMRDD")

On November 1, 2023, the Company executed an agreement with NRC-CMRDD for non-repayable contributions to the Company totaling \$4,275,848 out of a total project budget of \$8,308,441 for the demonstration of the commercial efficacy of the Company's RapidSX™ rare earth element ("REE") separation technology platform specifically for light REEs. The project is to be completed by March 31, 2026, following an extension from the original completion date of March 31, 2025, and the eligible expenditures period runs from September 22, 2023, to March 31, 2026. During the three-month period ended March 31, 2025, the Company recorded a cost recovery to research and development for incurred eligible expenditures for non-repayable contributions of \$155,282 (March 31, 2024 - \$Nil). As at March 31, 2025, the Company incurred reimbursable eligible expenditures of \$1,603,955 out of the total \$4,275,848 available under the agreement with NRC-CMRDD. At March 31, 2025, the amount outstanding from NRC-CMRDD for incurred eligible expenditures was \$155,282 (December 31, 2024 - \$69,487)

8. PLANT AND EQUIPMENT

	Office Equipment (\$)	RapidSX™ Pilot Plant (\$)	Construction in Progress ⁽¹⁾ (\$)	Total (\$)
Cost				
Balance, January 1, 2024	264,451	7,238,780	531,730	8,034,961
Additions	-	-	128,516	128,516
Balance, December 31, 2024	264,451	7,238,780	660,246	8,163,477
Additions	-	-	2,418	2,418
Balance, March 31, 2025	264,451	7,238,780	662,664	8,165,895
Accumulated amortization				
Balance, January 1, 2024	248,602	49,210	-	297,812
Amortization	5,179	1,801,083	-	1,806,262
Balance, December 31, 2024	253,781	1,850,293	-	2,104,074
Amortization	800	442,889	-	443,689
Balance, March 31, 2025	254,581	2,293,182	-	2,547,763
Net book value				
Balance, December 31, 2024	10,670	5,388,487	660,246	6,059,403
Balance, March 31, 2025	9,870	4,945,598	662,664	5,618,132

⁽¹⁾ Construction in progress relates to the Company's Strategic Metals Complex which is being constructed in Alexandria, Louisiana. Amortization will occur once the Strategic Metals Complex has been fully constructed and available for use.

UCORE RARE METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the three-month period ended March 31, 2025

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(Expressed in Canadian dollars)

9. RIGHT OF USE ASSETS

The Company recognized a right-of-use asset for the Company's Strategic Metals Complex located in Alexandria, Louisiana, and the Company's head office located in Bedford, Nova Scotia. The following table provides details of the Company's right-of-use assets at March 31, 2025, and December 31, 2024.

	Office (\$)	Strategic Metals Complex (\$)	Total (\$)
Cost			
Balance, December 31, 2023	715,463	2,844,770	3,560,233
Additions	-	-	-
Balance, December 31, 2024	715,463	2,844,770	3,560,233
Additions	-	-	-
Balance, March 31, 2025	715,463	2,844,770	3,560,233
Depreciation			
Balance, December 31, 2023	432,826	-	432,826
Charge for the year	99,754	294,900	394,654
Balance, December 31, 2024	532,580	294,900	827,480
Charge for the period	24,938	77,341	102,279
Balance, March 31, 2025	557,518	372,241	929,759
Net book value			
Balance, December 31, 2024	182,883	2,549,870	2,732,753
Balance, March 31, 2025	157,945	2,472,529	2,630,474

Depreciation of the Company's right-of-use assets is calculated using the straight-line method over the lease term.

The Company has entered into a sublease agreement for its Strategic Metals Complex facility in Alexandria, Louisiana, effective from January 1, 2024, to May 31, 2024. The lease was subsequently extended to June 30, 2024, and then further extended to January 31, 2025. During the three-month period ended March 31, 2025, the Company recognized other income of \$25,121 (March 31, 2024- \$132,243) related to the sublease.

10. INTELLECTUAL PROPERTY

On May 8, 2020, the Company acquired 100% of Innovation Metals Corp. ("IMC"), and as part of the acquisition, the Company acquired intellectual property valued at \$8,089,154. The following table reconciles the changes attributable to the Company's intellectual property:

	December 31, 2024 (\$)	Additions (\$)	Amortization (\$)	March 31, 2025 (\$)
Intellectual property	7,533,625	-	132,973	7,400,652
	December 31, 2023 (\$)	Additions (\$)	Amortization (\$)	December 31, 2024 (\$)
Intellectual property	8,074,379	-	540,754	7,533,625

UCORE RARE METALS INC.

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11. RESOURCE PROPERTIES AND RELATED EXPLORATION COSTS

The Company's interest in resource properties and related exploration costs consist of the following:

	December 31, 2024 (\$)	Deferred exploration costs (\$)	Movement in exchange rates (\$)	March 31, 2025 (\$)
Bokan Mountain, Alaska	41,495,510	5,713	(24,194)	41,477,029

	December 31, 2023 (\$)	Deferred exploration costs (\$)	Movement in exchange rates (\$)	December 31, 2024 (\$)
Bokan Mountain, Alaska	39,060,195	371,465	2,063,850	41,495,510

Bokan Mountain, Alaska

The Company holds the exclusive right to acquire up to a 100% interest in the Bokan Mountain rare earth element property, subject to certain royalties. The Company holds a 100% interest in five separate option agreements to acquire a 100% interest in a parcel of unpatented mineral claims from underlying owners and staked a 100% interest in an additional parcel of prospective ground. The option agreements provide for the Company to acquire a 100% interest in the optioned claims in exchange for total remaining payments of US\$90,000. The five vendors will retain Net Smelter Royalties ("NSR") ranging from 2% to 4% on their specific claims. The Company has the right to purchase between 33% and 100% of the NSR for cash payments of US\$500,000 to US\$1,000,000 per vendor.

12. LEASE LIABILITIES

In February 2012, the Company entered into a five-year operating lease for its head office premises in Halifax, Nova Scotia which began in October 2012. This lease was extended until October 2020, October 2023, and then further extended to October 2026. On December 21, 2023, the Company's subsidiary, Ucore North America, LLC, entered into a commercial lease for a building located in Alexandria, Louisiana. The initial term of the lease commenced on January 1, 2024 and ends on December 31, 2033. The Company has the option to extend the lease for up to three additional terms of 10 years. The Company is using the building as the site for its Strategic Metals Complex. The Company's subsidiary, IMC, entered into a research facility lease in Kingston, Ontario in June 2020 which either party can terminate with 60 days' notice. The lease liabilities have been calculated using discount rates ranging from 8% to 15% per annum.

The following table reconciles the changes attributable to the Company's finance lease obligations:

	March 31, 2025 (\$)	December 31, 2024 (\$)
Balance, beginning of period	3,021,469	3,134,837
Lease payments	(95,813)	(614,887)
Accretion expense	63,201	262,564
Foreign exchange	(3,547)	238,955
Balance, end of period	2,985,310	3,021,469
Current portion	143,362	137,819
Non-current portion	2,841,948	2,883,650
Balance, end of period	2,985,310	3,021,469

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13. LOANS PAYABLE

The Company is party to various debt and credit arrangements with Orca Holdings, LLC (“Orca”). The following table summarizes the advances, repayments, loan amendments, and amounts owing to Orca under the 2023 Orca LOC, 2022 Orca LOC, and the Orca Term Loan:

	2023 Orca LOC ^(a)	2022 Orca LOC ^(b)	Orca Term Loan ^(c)	Total
	(\$)	(\$)	(\$)	(\$)
Balance, December 31, 2023	2,777,128	898,354	445,027	4,120,509
Additions	4,082,920	-	-	4,082,920
(Gain) loss on loan restructuring	(415,390)	485,848	-	70,458
Repayment of interest	(481,643)	(353,122)	-	(834,765)
Loss on repayment of interest	69,497	67,636	-	137,133
Interest and accretion expense	698,751	315,762	151,341	1,165,854
Foreign exchange	397,746	141,871	44,934	584,551
Balance, December 31, 2024	7,129,009	1,556,349	641,302	9,326,660
Repayment of interest	(204,120)	(46,942)	-	(251,062)
Interest and accretion expense	261,352	56,365	53,741	371,458
Foreign exchange	(8,729)	(1,903)	(814)	(11,446)
Balance, March 31, 2025	7,177,512	1,563,869	694,229	9,435,610

The loan balances are secured by a first charge on the Company's assets.

a) 2023 Orca LOC

On May 9, 2023, the Company entered into a secured line of credit facility (the “2023 Facility”), with Orca, in the amount of \$1,345,005 (\$1,000,000 USD) with an interest rate of 10%. An administrative loan origination fee equal to 1.5% of the available 2023 Facility to be paid at maturity. In consideration for granting the 2023 Facility, the Company issued 1,000,000 warrants to Orca. Each warrant entitled Orca to acquire one common share of the Company at an exercise price of \$1.20 for a period of one-year ending on May 9, 2024. Any drawdowns were to be made in multiples of \$100,000 USD. The Company had drawn down the full amount available during the year ended December 31, 2023 and all amounts owing under the 2023 Facility were repayable by December 31, 2023.

On December 22, 2023, the Company amended the 2023 Facility agreement, where by the available principal amount was increased to \$2,200,000 USD and the maturity date was extended to January 31, 2026. The incremental amount of \$1,200,000 USD was advanced on amendment. A total of 1,000,000 warrants previously issued to Orca in connection with the original 2023 Facility were cancelled concurrently with the execution of the amendment. As consideration for increasing the principal amount available and the extension of the maturity date the Company issued 2,900,000 warrants with each warrant entitling Orca to acquire one common share at an exercise price of \$0.89 for a period ending on January 31, 2026. The interest rate on the amended 2023 Facility remained unchanged at 10%. The effective interest rate used to determine the fair value of the amended 2023 Facility on initial recognition was 15%. The amendment was treated as an extinguishment and creation of a new debt instrument as the amendments resulted in a substantive change to the loan agreement.

On April 8, 2024, the Company amended the 2023 Facility agreement as follows:

- Whereas interest was previously payable on maturity, interest will now be payable quarterly, unless the Company would have less than \$2,000,000 in cash after such interest payment; and
- In the event that the Company would have less than \$2,000,000 in cash after a quarterly interest payment:
 - The interest will not be payable at that time;
 - Interest will compound on unpaid interest at the rate outlined in the applicable debt agreements between the parties (as amended); and
 - Unpaid interest will be added to the next quarterly interest payment.

Furthermore, the principal credit limit under the 2023 Facility was increased from \$2,200,000 USD to \$3,200,000 USD. In consideration for the above noted amendments the Company had agreed to issue 1,300,000 additional warrants to Orca, with each warrant entitling Orca to acquire one common share of the Company at an exercise price of \$0.75 per common share until January 31, 2026.

13. LOANS PAYABLE (continued)

On June 7, 2024, the Company amended the 2023 Facility agreement increasing the credit limit from \$3,200,000 USD to \$5,200,000 USD and extended the maturity date of the 2023 Facility to October 1, 2026. The 1,300,000 warrants that were to be issued in connection with the April 8, 2024, amendment were cancelled prior to becoming issuable and 2,900,000 warrants previously issued in connection with the 2023 Facility were cancelled concurrently with the execution of the amendment.

As consideration for these changes, the Company issued 2,900,000 warrants with each warrant entitling Orca to acquire one common share at a price of \$0.89 and 3,300,000 warrants with each warrant entitling Orca to acquire one common share at a price of \$0.75 for a period ending on October 1, 2026. The warrant agreement contains a condition precedent to their exercise such that no warrants shall be exercisable if such exercise would cause Orca's ownership of the Company, as calculated on a partially diluted basis, to exceed 19.99% of the aggregate of the issued and outstanding common shares, unless the Company obtains prior shareholder approval. In addition, the Company incurred an origination fee of \$78,000 USD payable to Orca. The interest rate on the amended 2023 Facility remained unchanged at 10%.

The amendments were treated as an extinguishment and creation of a new debt instrument as the amendments resulted in substantive changes to the 2023 Facility. The effective interest rate used to determine the fair value of the amended 2023 Facility on initial recognition was 15%. The amendments resulted in a gain on extinguishment of \$415,390. For accounting purposes, the 2,900,000 warrants exercisable at \$0.89 issued on June 7, 2024, were deemed to be a modification of the original 2,900,000 warrants issued. The warrant modification had a fair value of \$150,954, which was estimated using the Black-Scholes option pricing model by calculating the difference between the fair value of the original warrants and the modified warrants. The assumptions used were as follows for the two periods respectively: risk-free interest rate of 3.99% and 3.99%, expected life of 2.32 years and 1.65 years, expected annual volatility of 66.13% and 65.97%, and expected dividends – Nil.

The fair value of the 3,300,000 warrants exercisable at \$0.75 was determined to be \$825,715 using the Black-Scholes option pricing model, using the following weighted average assumptions: risk-free interest rate – 3.81%, expected life – 2.26 years, expected annual volatility – 65.99%, expected dividends – Nil. The value of the warrants was expensed as a cost of extinguishing the previously amended 2023 Facility. During the year ended December 31, 2024, the Company recorded a loss of \$69,497 as a result of a change in the expected timing of the repayment of interest on the 2023 Facility.

As at March 31, 2025, the Company has drawn down the full amount available under the 2023 Facility, totaling \$5,200,000 USD.

b) 2022 Orca LOC

On July 20, 2022, the Company entered into a secured line of credit facility (the "2022 Facility"), with Orca, in the amount of \$2,574,984 (\$2,000,000 USD) with an interest rate of 9%. In consideration for granting the 2022 Facility, the Company issued 2,000,000 warrants to Orca. Each warrant entitled Orca to acquire one common share of the Company at an exercise price of \$0.75 for a period of one-year ending on July 20, 2023. The 2022 Facility had an interest rate of 9% annually and any drawdowns are to be made in multiples of \$100,000 USD. All amounts owing under the 2022 Facility were repayable on January 20, 2023.

On December 18, 2022, the Company amended the 2022 Facility agreement, whereby a total of \$850,000 USD was repaid by December 30, 2022 and the maturity date for the remaining \$1,150,000 USD was extended to March 31, 2024. A total of 1,150,000 warrants previously issued to Orca in connection with the original 2022 Facility were cancelled concurrently with the execution of the amendment. As consideration for not requiring the full repayment of the 2022 Facility and the extension of the maturity date the Company issued 1,150,000 warrants with each warrant entitling Orca to acquire one common share at an exercise price of \$0.75 for a period ending on March 31, 2024. The interest rate on the amended 2022 Facility remained unchanged at 9%.

On December 22, 2023, the Company renegotiated the 2022 Facility agreement extending the maturity date to January 31, 2026. A total of 1,150,000 warrants previously issued to Orca in connection with the original 2022 Facility were cancelled concurrently with the execution of the amendment. As consideration for the extension of the maturity date the Company issued 1,500,000 warrants with each warrant entitling Orca to acquire one common share of the Company at an exercise price of \$0.89 for a period ending on January 31, 2026. The interest rate on the amended 2022 Facility remained unchanged at 9%. The effective interest rate used to determine the fair value of the amended 2022 Facility on initial recognition was 15%.

13. LOANS PAYABLE (continued)

The amendment was treated as a modification of the remaining principal owing as the modifications to the existing terms did not result in a substantive change to the 2022 Facility.

On April 8, 2024, the Company amended the 2022 Facility agreement as follows:

1. Whereas interest was previously payable on maturity, interest will now be payable quarterly, unless the Company would have less than \$2,000,000 in cash after such interest payment; and
2. In the event that the Company would have less than \$2,000,000 in cash after a quarterly interest payment:
 - i. The interest will not be payable at that time;
 - ii. Interest will compound on unpaid interest at the rate outlined in the applicable debt agreements between the parties (as amended); and
 - iii. Unpaid interest will be added to the next quarterly interest payment.

On June 7, 2024, the Company amended the 2022 Facility extending the maturity date to October 1, 2026. The 1,500,000 warrants previously issued in connection with the 2022 Facility were cancelled concurrently with the execution of the amendment. As consideration for these changes, the Company issued 1,500,000 warrants with each warrant entitling Orca to acquire one common share at a price of \$0.89 for a period ending on October 1, 2026.

The warrant agreement contains a condition precedent to their exercise such that no warrants shall be exercisable if such exercise would cause Orca's ownership of the Company, as calculated on a partially diluted basis, to exceed 19.99% of the aggregate of the issued and outstanding common shares, unless the Company obtains prior shareholder approval. The interest rate on the amended 2022 Facility remained unchanged at 9%. The effective interest rate used to determine the fair value of the amended 2022 Facility on initial recognition was 15%.

The amendment was treated as an extinguishment and creation of a new debt instrument as the amendments resulted in a substantive change to the 2022 Facility. The amendment resulted in a loss on extinguishment of \$485,848. For accounting purposes, the 1,500,000 warrants exercisable at \$0.89 issued on June 7, 2024, were deemed to be a modification of the original 1,500,000 warrants issued. The warrant modification had a fair value of \$78,079, which was estimated using the Black-Scholes option pricing model by calculating the difference between the fair value of the original warrants and the modified warrants. The assumptions used were as follows for the two periods respectively: risk-free interest rate of 3.99% and 3.99%, expected life of 2.32 years and 1.65 years, expected annual volatility of 66.13% and 65.97%, and expected dividends – Nil. The value of the warrants was expensed as a cost of extinguishing the previously amended 2022 Facility. During the year ended December 31, 2024, the Company recorded a loss of \$67,636 as a result of a change in the expected timing of the repayment of interest on the 2022 Facility.

c) Orca Term Loan

On December 18, 2022, the Company renegotiated the Orca Term Loan extending the maturity date to November 30, 2024. A total of 1,000,000 warrants previously issued to Orca in connection with the original Orca Term Loan were cancelled concurrently with the execution of the amendment. As consideration for the extension of the maturity date the Company issued 1,000,000 warrants with each warrant entitling Orca to acquire one common share of the Company at an exercise price of \$0.85 for a period ending on November 30, 2024. The renegotiated Orca Term Loan has an interest rate of 9%. The effective interest rate used to determine the fair value of the amended Orca Term Loan on initial recognition was 15%.

On December 22, 2023, the Company renegotiated the Orca Term Loan extending the maturity date to January 31, 2027. A total of 1,000,000 previously issued to Orca in connection with the amended Orca Term Loan were cancelled concurrently with the execution of the amendment. As consideration for the extension of the maturity date the Company issued 1,200,000 warrants with each warrant entitling Orca to acquire one common share of the Company at an exercise price of \$0.89 for a period ending on January 31, 2027. The interest rate on the Orca Term Loan remained unchanged at 9%. The effective interest rate used to determine the fair value of the amended Orca Term Loan on initial recognition was 15%. The amendment was treated as a modification of the remaining principal owing as the modifications to the existing terms did not result in a substantive change to the Orca Term Loan.

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14. CONVERTIBLE DEBENTURES

2020 Convertible Debentures

On May 21 and May 29, 2020, the Company issued 1,280 and 1,520 respectively, of convertible debentures, with a face value of \$1,000 each for total gross proceeds of \$2.8 million. As at March 31, 2025, 1,145 convertible debentures remain outstanding. The convertible debentures bear interest of 7.5% payable semi-annually and the principal amount originally matured on May 31, 2023. On May 31, 2023, the Company exercised an option to extend the term to May 31, 2024. As a result of the election to extend the term the Company paid an extension fee to the debenture holders of \$47,063 which was equal to six months interest and recorded a gain on the extension of the convertible debentures of \$167,574.

The debenture holders had the right at any time on or prior to the maturity date to convert all or any portion of the outstanding principal into units of the Company at a conversion price of \$1.20 per unit. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant was exercisable by the holder to purchase one common share at an exercise price of \$1.80 per common share, exercisable until the maturity date of the debenture.

Should the common shares of the Company trade at a closing price of \$2.20 per common share or higher on the TSX Venture Exchange for twenty consecutive trading days, the debentures shall automatically convert into units at the convertible debenture conversion price.

During the year ended December 31, 2024, and prior to the maturity date of May 31, 2024, the Company amended the conversion features of the 2020 convertible debentures and extended the maturity date to January 31, 2026. Under the amended terms, a holder may elect to convert the outstanding principal amount, or any portion thereof, into units at a conversion price of \$0.90 per unit. Each unit will consist of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will be exercisable by the holder to purchase one common share at an exercise price of \$1.30 for a period ending on the maturity date of the debentures. The other terms of the 2020 convertible debentures remained unchanged. In consideration for the extension and amendments to the conversion features, the Company paid a restructuring fee of \$42,938 which was equal to six months interest and recorded a gain on the extension of the convertible debentures of \$285,966.

For accounting purposes, the 2020 convertible debentures represent a hybrid financial instrument, consisting of a host loan obligation, and embedded derivative instruments comprising the conversions, extension and early conversion features of the debenture. The Company accounts for the host loan obligation at amortized cost, accrued to maturity over the term of the debenture. The embedded conversion and extension options are accounted for as a financial liability measured at fair value through profit or loss. The following table summarizes the continuity of the host liability components of the loan:

	May 21, 2020 Tranche (\$)	May 29, 2020 Tranche (\$)	Total (\$)
Balance, December 31, 2023	33,048	1,149,538	1,182,586
Accretion on discount	2,918	120,511	123,429
Repayment of convertible debentures	-	(110,000)	(110,000)
Gain on extension of convertible debentures	(5,138)	(280,828)	(285,966)
Balance, December 31, 2024	30,828	879,221	910,049
Accretion on discount	899	47,512	48,411
Balance, March 31, 2025	31,727	926,733	958,460

The following table summarizes the continuity of the conversion option components of the loan:

	May 21, 2020 Tranche (\$)	May 29, 2020 Tranche (\$)	Total (\$)
Balance, December 31, 2023	2,233	77,571	79,804
Fair value adjustment	9,002	279,792	288,794
Balance, December 31, 2024	11,235	357,363	368,598
Fair value adjustment	15,129	487,712	502,841
Balance, March 31, 2025	26,364	845,075	871,439

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14. CONVERTIBLE DEBENTURES (continued)

The fair value of the conversion options outstanding has been determined using a binomial option valuation model, using the following key assumptions:

	Tranche 1 - May 21, 2020		Tranche 2 – May 29, 2020	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
Expected volatility	81%	64%	81%	64%
Risk-free interest rate	2.61%	3.12%	2.61%	3.12%
Conversion option term	0.84 years	1.08 years	0.84 years	1.08 years
Credit spread	21.00%	21.00%	21.00%	21.00%
Underlying share price	\$1.08	\$0.75	\$1.08	\$0.75

2024 Convertible Debentures

On January 30 and February 9, 2024, the Company issued 1,510 and 480 respectively, of convertible debentures, with a face value of \$1,000 each for total gross proceeds of \$1,990,000. As at March 31, 2025, 1,805 convertible debentures remain outstanding. The convertible debentures bear interest of 7.5% payable semi-annually and mature on January 31, 2026. The debenture holder has the right at any time on or prior to the maturity date to convert all or any portion of the outstanding principal into units of the Company at a conversion price of \$0.75 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable by the holder to purchase one common share at an exercise price of \$1.05 per common share, exercisable until the maturity date of the debenture. The Company has the option to extend the maturity date of the convertible debentures by one additional year, at any time during the term. If extended, the Company shall pay a cash extension fee to the holders in the amount of six months of interest.

For accounting purposes, the debentures represent a hybrid financial instrument, consisting of a host loan obligation, and embedded derivative instruments comprising the conversion and extension features of the debenture. The Company accounts for the host loan obligation at amortized cost, accrued to maturity over the term of the debenture. The embedded conversion and extension options are accounted for as a financial liability measured at fair value through profit or loss.

In connection with the issuance of the convertible debentures the Company paid cash finder's fees of \$89,250 and issued 230,999 finder's warrants. The finder's warrants entitle the holder to purchase one common share of the Company at a price of \$0.75 for a period of two years from the date of issuance. The Company determined that the fair value of the finder's warrants was \$90,930. The fair value of the finder's warrants was determined using the Black-Scholes option pricing model, using the following weighted average assumptions: volatility 97.19%, an expected life of 2 years, risk free rate of 4.04%, and zero expected dividend yield.

At the dates of issue, the convertible debentures and its components were measured at fair values, as follows:

	January 30, 2024 Tranche (\$)	February 9, 2024 Tranche (\$)	Total (\$)
Host liability component at issue (restated - note 4)	377,818	70,101	447,919
Conversion and extension options at issue date	1,132,182	409,899	1,542,081
Proceeds from issue	1,510,000	480,000	1,990,000
Cash finder's fees	(67,750)	(21,500)	(89,250)
Net proceeds from issue	1,442,250	458,500	1,900,750

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14. CONVERTIBLE DEBENTURES (continued)

The following table summarizes the continuity of the host liability components of the loan:

	January 30, 2024 Tranche (\$)	February 9, 2024 Tranche (\$)	Total (\$)
Balance, on initial recognition (restated – note 4)	377,818	70,101	447,919
Deferred financing fees	(28,332)	(9,777)	(38,109)
Conversion of debentures	(10,772)	(6,775)	(17,547)
Accretion on discount	338,526	92,578	431,104
Balance, December 31, 2024	677,240	146,127	823,367
Conversion of debentures	(23,296)	(27,617)	(50,913)
Accretion on discount	129,780	38,676	168,456
Balance, March 31, 2025	783,724	157,186	940,910

The following table summarizes the continuity of the conversion option components of the loan:

	January 30, 2024 Tranche (\$)	February 9, 2024 Tranche (\$)	Total (\$)
Balance, on initial recognition	1,132,182	409,899	1,542,081
Conversion of debentures	(10,418)	(6,643)	(17,061)
Fair value adjustment	(590,033)	(247,275)	(837,308)
Balance, December 31, 2024	531,731	155,981	687,712
Conversion of debentures	(21,215)	(31,941)	(53,156)
Fair value adjustment	671,391	173,545	844,936
Balance, March 31, 2025	1,181,907	297,585	1,479,492

The fair value of the conversion options outstanding has been determined using a binomial option valuation model, using the following key assumptions:

	Tranche 1 – January 30, 2024		Tranche 2 – February 9, 2024	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
Expected volatility	81%	64%	81%	64%
Risk-free interest rate	2.61%	3.13%	2.61%	3.13%
Conversion option term	0.84 years	1.08 years	0.84 years	1.08 years
Credit spread	21.00%	20.00%	21.00%	20.00%
Underlying share price	\$1.08	\$0.75	\$1.08	\$0.75

During the three-month period ended March 31, 2025, 130 (December 31, 2024 - \$55) convertible debentures were converted to units as follows:

	Convertible Debt (\$)	Number of Common Shares Issued	Fair Value of Common Shares Issued (\$)	Number of Warrants Issued	Fair Value of Warrants Issued (\$)	Gain or (Loss) on Conversion (\$)
Balance, on initial recognition	1,990,000	-	-	-	-	-
August 27, 2024	(30,000)	40,000	25,200	20,000	1,663	(13,446)
December 4, 2024	(25,000)	33,333	27,333	16,666	2,333	(8,476)
Balance, December 31, 2024	1,935,000	73,333	52,533	36,666	3,996	(21,922)
January 10, 2025	(100,000)	133,332	110,666	66,666	10,535	(39,373)
February 4, 2025	(30,000)	40,000	32,000	20,000	2,765	(12,524)
Balance, March 31, 2025	1,805,000	246,665	195,199	123,332	17,296	(73,819)

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14. CONVERTIBLE DEBENTURES (continued)

The fair value of the warrants granted in connection with the conversion of the convertible debentures into units was estimated on the grant date using the Black-Scholes pricing model using the following weighted average assumptions:

	March 31, 2025	December 31, 2024
Risk-free interest rate	2.96%	3.14%
Expected life	1.04 years	1.31 years
Expected volatility	65%	59%
Expected dividends	Nil	Nil

15. SHARE CAPITAL

Authorized:

- Unlimited number of common voting shares
- Unlimited number of first preferred non-voting shares issuable in series
- Unlimited number of second preferred non-voting share issuable in series

a) Financings

On January 31, 2025, the Company closed a non-brokered private placement which consisted of 3,600,000 units at a price of \$0.60 per unit for gross proceeds of \$2,160,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.75 per common share for a period of 3 years following the date of issuance.

The Company determined that the fair value of the warrants issued in connection with the private placement was \$1,174,517. The fair value was determined using the Black-Scholes option pricing model using the following assumptions: volatility of 68%, an expected life of 3 years, risk free rate of 2.64%, and a zero expected dividend yield. Other cash costs associated with the private placement totalled \$49,875.

The following is a summary of the allocation of proceeds and costs between common shares and warrants:

	Allocation of proceeds		
	Shares (\$)	Warrants (\$)	Total (\$)
Proceeds	985,483	1,174,517	2,160,000
Cash costs	(22,755)	(27,120)	(49,875)
Total	962,728	1,147,397	2,110,125

On February 28, 2025, the Company closed a non-brokered private placement of 1,955,800 units at a price of \$0.60 per unit for gross proceeds of \$1,173,480. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at an exercise price \$0.75 per common share for a period of 3 years following the date of issuance.

The Company determined that the fair value of the warrants issued in connection with the private placement was \$635,430. The fair value was determined using the Black-Scholes option pricing model using the following assumptions: volatility of 68%, an expected life of 3 years, risk free rate of 2.55%, and a zero expected dividend yield. Other cash costs associated with the private placement totalled \$25,383.

The following is a summary of the allocation of proceeds and costs between common shares and warrants:

	Allocation of proceeds		
	Shares (\$)	Warrants (\$)	Total (\$)
Proceeds	538,050	635,430	1,173,480
Cash costs	(11,638)	(13,745)	(25,383)
Total	526,412	621,685	1,148,097

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15. SHARE CAPITAL (continued)

On November 14, 2024, the Company closed a non-brokered private placement which consisted of 4,803,329 units at a price of \$0.50 per unit for gross proceeds of \$2,401,665. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.75 per common shares for a period of 2 years following the date of issuance. In connection with the private placement, the Company issued 21,000 common shares of the Company to an arms-length finder with a fair value of \$15,750. Related parties of the Company purchased a total of 2,856,330 units for gross proceeds to the Company of \$1,428,165.

The Company determined that the fair value of the warrants issued in connection with the private placement was \$422,686. The fair value was determined using the Black-Scholes option pricing model using the following assumptions: volatility of 63%, an expected life of 2 years, risk free rate of 3.18%, and a zero expected dividend yield. Other cash costs associated with the private placement totalled \$103,124.

The following is a summary of the allocation of proceeds and costs between common shares and warrants:

	Allocation of proceeds		
	Shares (\$)	Warrants (\$)	Total (\$)
Proceeds	1,978,979	422,686	2,401,665
Cash costs	(87,361)	(15,763)	(103,124)
Finder's common shares	2,772	(2,772)	-
Total	1,894,390	404,151	2,298,541

b) Stock Options, Restricted Share Units, and Deferred Share Units

The Company adopted an omnibus equity incentive plan (the "Incentive Plan") whereby the Board or, from time to time, a committee thereof, in its discretion, and in accordance with TSX Venture Exchange requirements, can grant to eligible directors, officers, employees, and consultants of the Company, non-transferable awards (the "Awards"). Such Awards include stock options ("Stock Options"), restricted share units ("RSUs"), share appreciation rights ("SARs"), deferred share units ("DSUs") and performance share units ("PSUs").

During the three-month period ended March 31, 2025, the Company recognized share-based compensation of \$166,107 (March 31, 2024 - \$204,055) for Stock Options and RSUs granted to directors, employees, and consultants of which \$2,893 (March 31, 2024 - \$9,151) was recorded in research and development. As a result of the transactions during the three-month period ended March 31, 2025, \$163,214 (March 31, 2024 - \$194,904) was recognized as share-based payments.

Stock Options

Pursuant to the terms of the Incentive Plan, up to 10% of the issued and outstanding common shares have been reserved for issuance as Stock Options, with no one individual being granted more than 5% of the issued and outstanding common shares. Stock Options granted under the Incentive Plan generally vest over a period of 12 to 18 months and expire up to five years after the date of grant.

Stock Option Grants

Grant date	Number of Stock Options granted	Total grant date fair value (\$)	Expense recognized for the period ended March 31, 2025 (\$)	Expense recognized for the period ended March 31, 2024 (\$)	Fair value to be recognized in future periods based on vesting (\$)
November 29, 2024	185,000	47,483	14,380	-	28,713
September 2, 2024	965,000	249,292	62,039	-	87,679
August 9, 2022	2,325,000	1,255,500	-	32,354	-
March 6, 2023	210,000	200,900	-	24,272	-
April 11, 2023	1,425,000	1,041,200	-	147,429	-
			76,419	204,055	116,392

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15. SHARE CAPITAL (continued)

The fair value of Stock Options granted during the year ended December 31, 2024 has been estimated using the Black-Scholes option pricing model. The weighted average assumptions used in the Black-Scholes option pricing model are as follows:

	December 31, 2024
Risk-free interest rate	3.01%
Expected life of each option	3 years
Expected volatility	65%
Expected dividends	Nil
Weighted average grant date fair value	\$0.26
Rate of forfeiture	0.00%

The following table summarizes information about the Stock Options outstanding and exercisable at March 31, 2025:

Exercise price per share (\$)	Number of Stock Options outstanding	Expiry date	Number of exercisable (vested) Stock Options
0.70	185,000	November 29, 2029	-
0.70	965,000	September 2, 2029	321,666
0.85	2,325,000	August 9, 2027	2,325,000
1.30	480,000	September 1, 2026	480,000
1.30	20,000	March 26, 2026	20,000
1.30	1,425,000	April 11, 2028	1,425,000
1.45	210,000	March 6, 2028	210,000
1.65	135,000	May 15, 2025	185,000
	5,745,000		4,966,666
Weighted average remaining life			2.83 years

Restricted Share Units

Pursuant to the terms of the Incentive Plan, the Company may grant Awards other than Stock Options, covering up to 10% of the issued and outstanding common shares of the Company as of the date of approval of the most recent Incentive Plan. RSUs granted are subject to any vesting restrictions imposed by the TSX Venture Exchange, or as may otherwise be determined by the Board at the time of grant. RSUs granted shall vest equally over a three-year period such that one third of the RSUs shall vest on the first, second and third anniversary dates of the date that the RSUs were granted.

On September 2, 2024, the Company granted 960,000 restricted share units to officers and employees of the Company. Each RSU will entitle the holder to receive at the time of vesting for each RSU held, either one common share or a cash payment equal to the fair market value of a common share or a combination of the two, at the election of the Board. The fair value of the RSUs granted was \$595,200 which was calculated using the Company's share price on the date of grant. During the three-month period ended March 31, 2025, the Company recognized share-based payment expense of \$89,688 (March 31, 2024 - \$Nil) related to the RSUs, with \$385,929 to be recognized in future periods based on the vesting schedule.

Changes in RSUs during the three-month period ended March 31, 2025 and the year ended December 31, 2024 are summarized as follows:

	Period ended March 31, 2025	Year ended December 31, 2024
Opening balance	960,000	-
Granted	-	960,000
Closing balance	960,000	960,000

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15. SHARE CAPITAL (continued)

The following table summarizes information about the RSUs outstanding at March 31, 2025:

Grant date	Vested RSUs	Unvested RSUs	Total
September 2, 2024	-	960,000	960,000
Total	-	960,000	960,000

Deferred Share Units

Pursuant to the terms of the Incentive Plan, the Company may grant Awards other than Stock Options, covering up to 10% of the issued and outstanding common shares of the Company as of the date of approval of the most recent Incentive Plan. DSUs granted by the Company will entitle the holder to receive at the time of settlement for each DSU held, either one common share or a cash payment equal to the fair market value of a common share or a combination of the two, at the election of the Board. Subject to any requirements of the TSX Venture Exchange, each DSU granted shall vest at such times as the Board shall determine at the time of grant and shall be specified in the DSU agreement. Other than in connection with a corporate reorganization, change of control or upon the death of a DSU holder, no DSU may vest before the date that is one year following the date of grant.

During the three-month period ended March 31, 2025 and year ended December 31, 2023 there were no deferred share units granted. At March 31, 2025, there were 55,710 (December 31, 2024 – 55,710) deferred share units outstanding which are fully vested.

c) Compensation Options

In connection with the first tranche of a private placement which closed on July 27, 2023, the Company issued 192,790 compensation options and 15,375 advisory fee compensation options. Each compensation option entitles the holder thereof to purchase units at an exercise price equal to the offering price for a period of 3 years following the date of issuance. In connection with a second tranche, the Company issued 12,390 advisory fee compensation options. Each compensation option entitles the holder thereof to purchase units at an exercise price equal to the offering price for a period of 3 years following the date of issuance. Changes in compensation options during the three-month period ended March 31, 2025 and year ended December 31, 2024 are summarized as follows:

	Period ended March 31, 2025		Year ended December 31, 2024	
	Number of Compensation options	Weighted average exercise price (\$)	Number of compensation options	Weighted average exercise price (\$)
Opening balance	220,555	1.00	220,555	1.00
Exercised	(3,645)	1.00	-	-
Closing balance	216,910	1.00	220,555	1.00
Weighted average remaining life		1.32 years		1.57 years

In connection with the exercise of the 3,645 compensation options during the three-month period ended March 31, 2025, the Company issued 1,822 common share purchase warrants with a fair value of \$596. The fair value was determined using the Black-Scholes option pricing model using the following assumptions: volatility of 67%, an expected life of 1.34 years, risk free rate of 2.56%, and a zero expected dividend yield.

The following table summarizes information about the compensation options outstanding and exercisable at March 31, 2025:

Exercise price (\$)	Expiry date	Number of warrants
1.00	July 27, 2026	204,520
1.00	July 28, 2026	12,390
		216,910
Weighted average remaining life		1.32 years

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15. SHARE CAPITAL (continued)

d) Warrants

Changes in warrants during the period ended March 31, 2025 and year ended December 31, 2024 are summarized as follows:

	Period ended March 31, 2025		Year ended December 31, 2024	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
Opening balance	21,016,374	0.88	19,086,245	1.02
Granted	5,644,288	0.75	10,369,329	0.81
Cancelled	-	-	(4,400,000)	0.89
Exercised	(123,500)	0.84	(164,744)	0.67
Expired	-	-	(3,874,456)	1.41
Closing balance	26,537,162	0.85	21,016,374	0.88
Weighted average remaining life		1.58 years		1.50 years

During the year ended December 31, 2024, 7,055,795 warrants, issued in connection with a private placement that closed on December 22, 2022, were due to expire on December 22, 2024. The warrants were extended for one year such that the new expiry date is December 22, 2025, all other terms remained unchanged. The incremental fair value of the warrants as a result of the extension of \$707,247 was recorded as an increase to warrants with the offsetting entry recorded in deficit. The fair value of the warrants extended was estimated using the Black-Scholes option pricing model calculated for the difference between the extended period and the remaining period when the decision was taken to extend the warrants. The following assumptions were used for the two periods respectively: volatility of 54.16% and 106.41%, an expected life of 1.05 years and 0.05 years, risk free rate of 3.07% and 3.07%, and a zero expected dividend yield for both periods.

During the year ended December 31, 2024, warrants from a financing completed in 2021 and finders warrants from a financing in 2022 expired unexercised. This resulted in a decrease to warrants and an increase to contributed surplus of \$410,850.

The following table summarizes information about the warrants outstanding at March 31, 2025:

Exercise price per share (\$)	Expiry date	Number of warrants
0.75	January 31, 2026	3,499
0.75	February 9, 2026	224,000
0.75	October 1, 2026	3,300,000 ⁽¹⁾
0.75	November 14, 2026	2,391,664
0.75	January 31, 2028	3,600,000
0.75	February 28, 2028	1,955,800
0.85	December 22, 2025	6,925,795
0.89	January 31, 2027	1,200,000 ⁽¹⁾
0.89	October 1, 2026	4,400,000 ⁽¹⁾
1.05	January 31, 2026	36,666
1.25	July 27, 2026	2,206,572
1.25	July 28, 2026	206,500
		26,537,162
Weighted average remaining life		1.58 years

⁽¹⁾ These warrants contain a condition precedent to their exercise such that no warrants shall be exercised if such exercise would cause Orca's ownership of the Company, as calculated on a partially diluted basis, to exceed 19.99% of the aggregate of the issued and outstanding common shares of the Company, unless the Company obtains prior shareholder approval.

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16. RELATED PARTY TRANSACTIONS

Related parties consist of key management personnel, directors, and entities that are associated with the Company as well as significant shareholders, including Orca Holdings, LLC (“Orca”) which is owned by Mr. Randy Johnson, a director of the Company. The Company has defined key management personnel as senior executive officers, as well as the Board. The total remuneration of key management personnel and the Board was as follows:

	Period ended March 31, 2025 (\$)	Period ended March 31, 2024 (\$)
Director’s fees	54,750	54,750
Share-based payments to directors	9,643	56,147
Key management short-term benefits	130,104	133,769
Share-based payments to key management	78,144	51,821
	<u>272,641</u>	<u>296,487</u>

Key management short-term benefits include all salary, bonuses, and health/dental benefits earned by officers during the period. The Company paid legal fees to Miller Thomson LLP of \$67,412 during the three-month period ended March 31, 2025, compared to \$166,813 for the three-month period ended March 31, 2024. Mr. Geoff Clarke, a director of the Company, is a partner of that law firm. Payments made by the Company to Miller Thomson LLP are for the various legal services provided to the Company by several lawyers and law clerks at the firm, which includes lawyers and law clerks in multiple provinces and offices across Canada.

The Company has loans payable to Orca and, during the year ended December 31, 2024, the Company amended certain loan agreements, received advances, repaid interest, and incurred financing fees and interest charges, as further described in note 13.

All related party transactions were valued at the exchange amount agreed to between the parties.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Assets and liabilities measured at fair value in the consolidated financial statements are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate fair values. The three levels of fair value hierarchy are:

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

The fair value hierarchy of assets and liabilities measured at fair value of the consolidated statements of financial position are disclosed in the notes to the financial statements is as follows:

	March 31, 2025			December 31, 2024		
Financial liabilities:	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Convertible debenture – conversion option (\$)	-	(2,350,931)	-	-	(1,056,310)	-

The fair value of cash, receivables, and accounts payable and accrued liabilities is approximated by their carrying value due to their short term to maturity.

The Company’s loans payable and host liability of the convertible debentures are carried at amortized cost. These bear fixed interest rates, and as such, their fair value may differ from their carrying value due to changes in market interest rates and the Company’s credit risk. The fair value of loans payable is approximated by the carrying value. At March 31, 2025, the fair value of the host liability of the convertible debentures is \$1,899,370 (December 31, 2024 - \$1,733,416). Both were determined using an estimated discounted cash flow analysis based on current market interest rates available to the Company for similar debt instruments, which are classified as level 2 in the fair value hierarchy.

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17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The Company's ability to meet its obligations is contingent upon securing financing or monetizing assets. Although the Company has historically been successful in obtaining financing in the past, there can be no assurance that the Company will be able to obtain adequate financing in the future or generate future sources of revenue to meet the obligations associated with the Company's liabilities, as further described in note 2.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due and to continue to fund its exploration and evaluation activities, and advance the Company's RapidSX™ technology. The Company's accounts payable and accrued liabilities are due within six months. Their contractual cash flow is equal to their carrying value. Short term deposits are held in interest bearing instruments that can be converted to cash without penalty at any time and are recorded at fair value.

The following are the contractual maturities of the financial liabilities and other commitments. The table includes undiscounted cash flows of financial liabilities, including lease liabilities and other commitments, interest and principal cash flows based on the earliest date on which the Company is required to pay.

March 31, 2025	Carrying amount (\$)	Total contractual cash flows (\$)	2025 (\$)	2026 (\$)	2027 (\$)	2028 (\$)	2029 (\$)	>2029 (\$)
Lease liabilities	2,985,311	4,249,092	289,300	364,317	495,185	516,715	516,715	2,066,860
Convertible debentures	2,950,000	3,197,335	221,250	2,976,085	-	-	-	-
Loans payable	11,058,082	12,666,031	783,200	10,487,464	1,395,367	-	-	-
Trade and other payables	3,865,325	3,865,325	3,865,325	-	-	-	-	-
	20,858,718	23,977,783	5,159,075	13,827,866	1,890,552	516,715	516,715	2,066,860

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign currency rates, interest rates, and commodity and equity prices.

Foreign Currency Risk

A significant portion of the Company's transactions occur in United States dollars and accordingly, the related financial assets and liabilities are subject to fluctuations in the respective exchange rates. To limit exposure to this risk, cash and short-term investments are primarily held with high quality financial institutions in Canada.

The Company's exposure to US dollar currency risk as measured in Canadian dollars was as follows:

	March 31, 2025 (\$)	December 31, 2024 (\$)
Cash	1,987,411	133,745
Other asset	73,488	73,581
Accounts payable	(206,334)	(161,024)
Loans payable	(9,435,610)	(9,326,660)
Lease liabilities	(2,804,865)	(2,816,793)
	(10,385,910)	(12,097,151)

At March 31, 2025, a 10% change in the US dollar exchange rate would affect net and comprehensive loss and deficit by \$1,038,591 (December 31, 2024 - \$1,209,715).

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17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest Rate Risk

From time to time the Company holds cash in a high interest savings account. The Company does not have any debt that bears variable interest rates.

Commodity risk

The Company's ability to raise capital to fund exploration or development activities and continue the advancement of the Company's technology is subject to risks associated with fluctuations in the market price of mineral prices under exploration and to be used in the Company's processing technology.

Equity price risk

Equity price risk is defined as the potential adverse impact on the Company's results of operations and the ability to obtain equity financing due to movements in individual prices or general movements in the level of the stock market. The Company closely monitors the individual equity movements to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

18. SUPPLEMENTARY CASH FLOW INFORMATION

	Period ended March 31, 2025 (\$)	Period ended March 31, 2024 (\$)
Non-cash financing and investing activities:		
Accounts payable and accrued liabilities related to resource properties and related exploration costs	(72)	(1,669)
Accounts payable related to RapidSX™ Pilot Plant	-	1,886,259
Prepays related to resource properties and related exploration costs	-	35,471

19. CONTINGENCY

On December 14, 2022, a former employee of the Company's wholly owned subsidiary IMC, filed a civil claim against IMC and the Company for wrongful dismissal and breach of contract. The claim is derived from an employment relationship between the former employee and IMC and the subsequent termination of this relationship. The former employee is seeking \$650,000, plus interest and costs. The Company believes that the action is without merit and intends to fully defend its interest and take all other legal actions available to it. The parties have agreed to settle the claim through arbitration, which remains ongoing. While arbitration was initially expected to conclude in Q1 2025, the process has been extended, and a revised timeline has not yet been established. The outcome of this claim cannot be determined at this time, and no provision has been recorded in the consolidated financial statements for the three-month period ended March 31, 2025.

20. SUBSEQUENT EVENTS

Warrant and Stock Option Exercises

Subsequent to March 31, 2025, the Company received proceeds of \$930,886 from the exercise of 966,244 warrants and proceeds of \$123,000 from the exercise of 120,000 stock options.

Stock Options

On April 14, 2025, the Company granted 1,360,000 stock options to directors, officers, employees and consultants of the Company. The stock options are exercisable into common shares at a price of \$1.08 per share and the stock options expire five years from the date of grant. One third of the stock options will vest after six months, with one third vesting every six months thereafter until fully vested. On April 16, 2025, the Company granted consultants of the Company 100,000 stock options. The stock options are exercisable into common shares at a price of \$1.57 per share and the stock options expire five years the date of grant. One third of the stock options will vest after six months, with one third vesting every six months thereafter until fully vested.