# Europacific Metals Inc.

## Consolidated Financial Statements

**For the years ended December 31, 2023 and 2022**

**(Expressed in Canadian dollars)**

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Europacific Metals Inc.

***Opinion***

We have audited the accompanying consolidated financial statements of Europacific Metals Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

***Basis for Opinion***

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

***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $643,464 during the year ended December 31, 2023, and had an accumulated deficit of $4,458,146 as of that date. As stated in Note 1, these events and conditions 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.

***Other Matters***

The consolidated financial statements of the Company for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on May 1, 2023.

***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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 Zachary Faure.

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

April 29, 2024

# Europacific Metals Inc.

## Consolidated Statements of Financial Position as at

(Expressed in Canadian Dollars)

| | | December 31 2023 | | December 31 2022 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents (note 6) | $ | 504,272 | $ | 887,995 |
| Accounts receivable | | 117,443 | | 105,244 |
| Advances and prepaid expenses | | 22,858 | | 41,574 |
| **Total current assets** | | **644,573** | | **1,034,813** |
| Equipment (Note 10) | | 2,950 | | 4,424 |
| Long term deposits (Note 7) | | 65,817 | | 65,061 |
| Investment in associates (Note 12) | | 641,648 | | 579,094 |
| Exploration and evaluation assets (Note 7) | | 83,680 | | 83,680 |
| | $ | **1,438,668** | **$** | **1,767,072** |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities (Note 8, 13) | $ | 75,583 | | 111,639 |
| | | 75,583 | | 111,639 |
| **SHAREHOLDERS' EQUITY** | | | | |
| Share capital (Note 9) | | 5,202,660 | | 4,801,660 |
| Reserves (Note 9) | | 618,571 | | 570,955 |
| Deficit | | (4,458,146) | | (3,643,618) |
| Non Controlling Interest (Note 7) | | - | | (73,564) |
| | | 1,363,085 | | 1,655,433 |
| | $ | **1,438,668** | **$** | **1,767,072** |

Nature and continuance of operations and going concern (Note 1)

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

These consolidated financial statements were approved for issue by the Board of Directors on April 29,2024 and are signed on its behalf by:

***"Catalin Kilofliski"*****, Director** ***"Andrew Marshall"*****, Director**

# Europacific Metals Inc.

## Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

| | For the year ended December 31, 2023 | For the year ended December 31, 2022 |
|---|---|---|
| **EXPENSES** | | |
| Accounting and corporate secretarial fees (Note 8) | $ 45,000 | $ 56,500 |
| Audit and tax fees | 49,300 | 27,450 |
| Corporate development | 133,409 | - |
| Consulting and due diligence | 55,276 | 103,719 |
| Depreciation | 1,474 | 1,474 |
| Impairment of exploration and evaluation assets (Note 7) | - | 175,053 |
| Legal fees | 7,711 | 24,006 |
| Management (Note 8) | 147,891 | 83,649 |
| Marketing | 713 | 100,461 |
| Share based compensation (Note 8, 9) | 47,616 | 192,674 |
| Shareholder communications and investor relations | 6,599 | 130,466 |
| Office and administration expenses | 29,446 | 51,161 |
| Exploration and evaluation (Note 7) | 100,876 | 265,601 |
| Regulatory, exchange listing and transfer agent fees | 41,183 | 44,471 |
| **TOTAL EXPENSES** | 666,494 | 1,256,685 |
| **OTHER ITEMS** | | |
| Recovery of flow-through liability (Note 13) | - | (199,884) |
| Loss on disposal of mineral properties (Note 7) | - | 680,010 |
| Foreign exchange (gain) loss | (1,282) | 4,315 |
| Part XII.6 tax (Note 13) | - | 12,088 |
| Management fee income (Note 8) | (1,577) | (5,572) |
| Interest income | (14,924) | (24,783) |
| Share of associates loss (Note 12) | 24,753 | 59,215 |
| **TOTAL OTHER ITEMS** | 6,970 | 525,389 |
| **Net and comprehensive loss for the year** | $ 673,464 | $ 1,782,074 |
| Loss is attributable to: | | |
| Owners of Europacific Metals Inc | $ 673,464 | $ 1,727,131 |
| Non Controlling Interest | - | 54,943 |
| **Basic and diluted loss per share attributable to owners of Europacific Metals Inc** | $ 0.01 | $ 0.03 |
| **Weighted average number of shares outstanding** | 53,819,272 | 51,690,451 |

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

# Europacific Metals Inc.

## Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

| | Number of Shares | Share Capital | Reserves | Deficit | Accumulated and Comprehensive Loss | Shareholders' Equity |
|---|---|---|---|---|---|---|
| | | | | | - | |
| **Balance at December 31, 2021** | 50,967,163 | $ 4,651,660 | $ 378,281 | $ (1,916,487) | $ (18,621) | $ 3,094,833 |
| Private placements (Note 9) | 1,000,000 | 150,000 | - | - | - | 150,000 |
| Share based compensation (Notes 8, 9) | - | - | 192,674 | - | - | 192,674 |
| Net and comprehensive loss for the year | - | - | - | (1,727,131) | | (1,727,131) |
| Non controlling interest | - | - | - | - | (54,943) | (54,943) |
| | | | | - | | |
| **Balance at December 31, 2022** | **51,967,163** | **$ 4,801,660** | **$ 570,955** | **$ (3,643,618)** | **$ (73,564)** | **$ 1,655,433** |
| Private placements (Note 9) | 15,340,000 | 383,500 | - | - | - | 383,500 |
| Acquisition of non controlling interest (Notes 7, 9) | 700,000 | 17,500 | - | (141,064) | 73,564 | (50,000) |
| Share based compensation (Notes 8, 9) | - | - | 47,616 | - | - | 47,616 |
| Net and comprehensive loss for the year | - | - | - | (673,464) | | (673,464) |
| **Balance at December 31, 2023** | **68,007,163** | **$ 5,202,660** | **$ 618,571** | **$ (4,458,146)** | **$ -** | **$ 1,363,085** |

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

# Europacific Metals Inc.

## Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

| | | For the year ended December 31, 2023 | | For the year ended December 31, 2022 |
|---|---|---|---|---|
| **Cash provided by (used for):** | | | | |
| **Operating activities** | | | | |
| Net and comprehensive loss for the year | $ | (673,464) | $ | (1,782,074) |
| Items not affecting cash | | | | |
| Share based compensation | | 47,616 | | 192,674 |
| Recovery of flow through liability | | - | | (199,884) |
| Depreciation expense | | 1,474 | | 1,474 |
| Impairment of mineral properties | | - | | 680,010 |
| Loss on disposal of mineral properties | | - | | 175,053 |
| Share of associates loss | | 24,753 | | 59,215 |
| Change in non-cash working capital: | | | | |
| Accounts receivable | | (12,199) | | (59,061) |
| Advances and prepaid expenses | | 18,716 | | 76,898 |
| Accounts payable and accrued liabilities | | (36,056) | | (37,075) |
| | | **(629,160)** | | **(892,770)** |
| **Investing activities** | | | | |
| Long term deposit (security) exploration property | | (756) | | (301) |
| Acquisition of Non Controlling Interest | | (50,000) | | (1,602,013) |
| Proceeds from disposition of exploration and evaluation assets | | - | | 900,000 |
| Equipment | | - | | (5,898) |
| Advances to investments in associates | | (87,307) | | (298,610) |
| | | **(138,063)** | | **(1,006,822)** |
| **Financing activities** | | | | |
| Issuance of common shares through private placements, net | | 383,500 | | 150,000 |
| | | **383,500** | | **150,000** |
| **Change in cash during the year** | | (383,723) | | (1,749,592) |
| **Cash, beginning of the year** | | 887,995 | | 2,637,587 |
| **Cash, end of the year** | $ | **504,272** | **$** | **887,995** |

**SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOW**

| Non-cash transactions and other supplemental disclosures: | | | | |
|---|---|---|---|---|
| Shares issued for acquisition of Non Controlling Interest | $ | 17,500 | $ | - |
| Interest paid | $ | - | $ | - |
| Income taxes paid | $ | - | $ | - |

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

## 1. Nature and continuance of operations and going concern

Europacific Metals Inc. was incorporated under the *Business Corporations Act* (British Columbia) on June 16, 2017, and its principal business activity is acquiring and exploring mineral properties. The Company's registered place of business is located at 650 - 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3, Canada. The Company is in the startup stage of operations and does not yet have any revenue-generating activities. Europacific has one subsidiary, EVX Portugal, Unipessoal, Lda ("EVX Portugal"), a private Portuguese company. Europacific owns 100% of EVX Portugal (2022 - 70%). The Company is listed on the TSX Venture Exchange (the "TSXV") under the symbol "EUP". Europacific is also listed on the Frankfurt Stock Exchange under the symbol "9FY" and OTCQB Venture Market under the symbol "AUCCF".

The consolidated financial statements were prepared on a going concern basis with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred significant operating losses since inception, including $673,464 in the current year (2022 - $1,782,074), resulting in a deficit of $4,458,146 (2022 - $3,643,618) as at December 31, 2023. The Company will require additional financing to continue operations and pursue its projects. While the Company has been successful in obtaining funding in the past through the issuance of additional equity, there is no assurance that such funding will be available in the future. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company is dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of accounts receivable and exploration and evaluation assets and, ultimately, the Company's ability to continue as a going concern, is dependent upon the Company's ability to raise financing to complete exploration on a mineral property, the outcome of which is uncertain. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

## 2. Basis of presentation

### Basis 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").

The significant accounting policy information set out in note 4 have been applied consistently to all periods presented.

### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## 3. Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified a number of areas where significant judgments, estimates and assumptions are required. These areas include, but are not limited to, the following:

*Critical accounting estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

- Recovery of deferred tax assets

  Judgment is required to determine whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require the Company to assess the likelihood that it will generate sufficient taxable earnings in future periods, in order to utilize recognized deferred tax assets. Judgment is also required in respect of the application of existing tax laws in each jurisdiction.

  Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends, and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

- Recoverable value of asset carrying values

  At each reporting date, the Company assesses its exploration and evaluation assets and equipment for possible impairment to determine if there is any indication that the carrying amounts of the assets may not be recoverable. An assessment is also made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. Determination as to whether and how much an asset is impaired, or no longer impaired, involves management estimates on highly uncertain matters, such as future commodity prices, discount rates, production profiles, operating costs, future capital costs and reserves. A material adjustment to the carrying value of the Company's exploration and evaluation assets could arise as a result of changes to these estimates and assumptions.

3. **Significant accounting estimates and judgments (continued)**

*Critical accounting estimates (continued)*

- Assumptions in the Black-Scholes option pricing model

  The fair values of stock options and warrants granted are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of future share prices, changes in subjective input assumptions can materially affect the fair value estimate.

*Critical accounting judgments*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- Going concern

  The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned project-acquisitions, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

- Impairment indicators for exploration and evaluation assets

  The application of the Company's accounting policy for exploration and evaluation ("E&E") expenditures requires judgment to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

  In addition to applying judgment to determine whether future economic benefits are likely to arise from the Company's E&E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company has to apply a number of estimates and assumptions. The determination of a resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated, or inferred). The estimates directly impact when the Company defers E&E expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalized amount is written off to the statement of loss and comprehensive loss in the period when the new information becomes available.

3. **Significant accounting estimates and judgments (continued)**

*Critical accounting judgments (continued)*

- Investment in associates

The Company uses judgment in its assessment of whether the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, including but not limited to the ability to exercise significant influence through board representation, material transactions with the investee, provision of technical information, and the interchange of managerial personnel. Whether an investment is classified as an investment in associate can have a significant impact on the entries made on and after acquisition.

- Flow-through expenditures

The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resource expenditures. Management's judgment is applied in determining whether qualified expenditures have been incurred. Differences in judgment between management and regulatory authorities could materially increase the flow-through premium liability and flow-through expenditure commitment.

- Determination of functional currency

The determination of the Company's subsidiary's functional currency is a matter of judgment based on an assessment of the specific facts and circumstances relevant to determining the primary economic environment of the Company.

4. **Summary of material accounting policy information**

The accounting policy infomration set out below have been applied consistently to all years presented in these consolidated financial statements.

**Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiary. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are deconsolidated from the date control ceases.

| Name | Place of Incorporation | Interest % | Principal Activity |
|---|---|---|---|
| EVX Portugal, Unipessoal, Lda | Portugal | 100% | Exploration company |

**Income taxes**

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

4. **Summary of material accounting policies (continued)**

**Income taxes (continued)**
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less or are fully redeemable without penalty when acquired.

**Investment in associate**

Where the Company has significant influence over the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognized in the consolidated statement of financial position at cost. The Company's share of post-acquisition profits and losses is recognized in profit or loss, except that losses in excess of the Company’s investment in the associate are not recognized unless there is an obligation to fund those losses.

Profits and losses arising on transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Company's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the associate. Adjustments to the carrying amount may also be necessary for changes in the Company's proportionate interest in the associate arising from changes in the associate's other comprehensive income. Such adjustments to the carrying amount are charged to operations as a gain or loss on dilution in the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

4. **Summary of material accounting policies (continued)**

**Financial instruments**

*(i) Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as 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.

*(ii) Measurement*

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

<u>Financial assets and liabilities at FVTPL</u>
Financial assets and liabilities carried at FVTPL are initially recorded at fair value. 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.

<u>Financial assets at FVTOCI</u>
Financial assets carried at FVTOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTOCI are included in other comprehensive income or loss in the period in which they arise.

*(ii) Impairment of Financial Assets at Amortized Cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowances for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit loss (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

4. **Summary of material accounting policies (continued)**

**Financial instruments (continued)**

*(iii) 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 the statements of loss and comprehensive loss.

The Company derecognizes a financial liability when the financial liability is discharged, cancelled, or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of loss and comprehensive loss.

**Share capital**

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

**Unit offerings**

Unit offerings require the Company to value each of the unit components separately. Units generally consist of a single common share and a full or a half-warrant. The Company uses the residual value method to value unit warrants. Proceeds received on the issuance of units are first allocated to common shares based on the fair market value of the common shares at the time the units are issued, with the residual being allocated to the warrant value.

**Loss per share**

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed using the treasury stock method, under which the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding. The Company does not have shares held in escrow as at the end of the reporting year.

**Exploration and evaluation assets**

Exploration and evaluation interests include the purchase price of mineral properties and any costs incurred for mineral properties not classified as exploration and evaluation expenses. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the capitalized mineral property interests for that project are reclassified as mining properties, a component of property, plant and equipment.

4. **Summary of significant accounting policies (continued)**

**Exploration and evaluation assets (continued)**

Exploration and evaluation expenses are comprised of costs that are directly attributable to:

- Researching and analyzing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

All exploration and evaluation expenditures are expensed until properties are determined to contain economically viable reserves. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the subsequent costs incurred for the development of that project are capitalized as mining properties, a component of property, plant and equipment.

Development expenditures capitalized as mining properties are net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets is capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as mineral interest.

**Impairment of tangible and intangible assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset price received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs. If there are changes in circumstances for assets that have been impaired in previous periods, the Company considers whether the past impairment losses may have decreased or may no longer exist. If past impairment losses need to be adjusted, the asset would be restored to a value of up to its pre-impairment carrying amount.

**Equipment**

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item.

Depreciation is provided at rates calculated to write off the cost of equipment, less estimated residual value, using the straight-line method over the following expected useful lives:

- Computer equipment - 4 years

4. **Summary of material accounting policies (continued)**

**Restoration and environmental obligations**

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. A pre-tax discount rate that reflects the time value of money is used to calculate the net present value. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates, and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company does not have any significant rehabilitation obligations as at and for the years presented.

**Foreign exchange**

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

**Shared-based compensation**

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. Stock options granted to directors, officers, and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded. When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

**Flow-through shares**

The issuance of flow-through shares is accounted for similarly to the issuance of a compound financial instrument. The liability component represents the premium paid for the tax benefit to the investors. Proceeds from the issuance of shares by flow-through private placements are allocated between shares issued and a liability account using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to the liability. Upon renunciation of the flow-through expenditures, the liability component is derecognized in the statement of loss and a deferred income tax liability is recognized for the taxable temporary difference created at the Company's applicable tax rate which is expected to apply in the year the deferred income tax liability will be settled. Any difference between the amount of the liability component derecognized and deferred income tax liability recognized is recorded in the statement of loss and comprehensive loss.

## 5. Risk management and financial Instruments

Financial instruments are agreements between two parties that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company classifies its financial instruments as follows: cash and cash equivalents and accounts receivable (excluding taxes receivable) are classified as amortized cost; and accounts payable and accrued liabilities are classified as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

### Capital management

The Company does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital and loans or advances from its related parties. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There were no changes to the Company's capital management approach during the years ended December 31, 2023 and 2022.

### Management of financial risk

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the 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 Company's risk exposure and the impact on the Company's financial instruments are summarized below.

### Credit risk

Credit losses are measured using a present value and probability-weighted model that considers all reasonable and supportable information available without undue cost or effort along with the information available concerning past defaults, current conditions, and forecasts at the reporting date. IFRS 9 *Financial Instruments* requires the recognition of 12 month expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition (stage 1), and lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition (stage 2) or which are credit impaired (stage 3).

5. **Risk management and financial Instruments (continued)**

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, foreign currency risk and other price risk. As at December 31, 2023, the Company had exposure to foreign currency risk of cash of $15,448 was denominated in Euro. As at December 31, 2023, the Company is not exposed to significant market risk.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to attempt to ensure that it will have sufficient cash or credit available to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities, and by maintaining its lending arrangement with a related party. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

**Categories of financial assets and financial liabilities**

The carrying values of the Company's financial instruments are classified into the following categories:

| **Financial instrument** | **Category** | | **December 31 2023** | | **December 31 2022** |
|---|---|---|---|---|---|
| Cash and cash equivalents | Amortized cost | $ | 504,272 | $ | 887,995 |
| Accounts payable and accrued liabilities | Amortized cost | $ | 75,583 | $ | 111,639 |

6. **Cash and cash equivalents**

The Company's cash and cash equivalents consist of cash held of $504,272 (2022 - $137,955) and redeemable guaranteed investment certificates totaling $NIl  (2022  -  $750,000).

(Expressed in Canadian dollars)

7. **Exploration and Evaluation Assets**

The table below provides a breakdown of the mineral property assets of the Company at December 31, 2023:

| | Borba 2 (Portugal) | Scottie West (Canada) | Big Frank (Canada) | Goldstorm South (Canada) | Scottie Gold (Canada) | Total |
|---|---|---|---|---|---|---|
| **Total at December 31, 2021** | **$ 83,680** | **$ 125,000** | **$ 18,700** | **$ 9,350** | **$ -** | **$ 236,730** |
| Cash payments to stake additional claims | - | 3,114 | - | 18,889 | - | $ 22,003 |
| Exploration work to aquire interest | - | - | - | - | 1,580,010 | $ 1,580,010 |
| Disposition of interest | - | - | - | - | (1,580,010) | $ (1,580,010) |
| Impairment of interest | - | (128,114) | (18,700) | (28,239) | - | $ (175,053) |
| **Total at December 31, 2022 and 2023** | **$ 83,680** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 83,680** |

The following tables provide a breakdown of the exploration expenses of the Company for the years ended December 31, 2023 and 2022:

| **December 31, 2023** | Borba 2 (Portugal) | Scottie West (Canada) | Big Frank (Canada) | Goldstorm South (Canada) | Total |
|---|---|---|---|---|---|
| Concession | $ 24,083 | $ - | $ - | $ - | $ 24,083 |
| Geological consulting | 38,438 | - | - | - | $ 38,438 |
| Other | 21,167 | - | - | - | $ 21,166 |
| Overhead, management and administrative | 17,052 | - | - | - | $ 17,052 |
| Travel and accommodation | 136 | - | - | - | $ 136 |
| **Total for the year ended December 31, 2023** | **$ 100,876** | **$ -** | **$ -** | **$ -** | **$ 100,876** |

| **December 31, 2022** | Borba 2 (Portugal) | Scottie West (Canada) | Big Frank (Canada) | Goldstorm South (Canada) | Total |
|---|---|---|---|---|---|
| Concession | $ 18,832 | $ - | $ - | $ - | $ 18,832 |
| Geology | 73,758 | 14,667 | 45,812 | 23,963 | $ 158,200 |
| Other | 19,721 | 5,222 | 5,222 | 5,222 | $ 35,387 |
| Overhead, management and administrative | 16,705 | 1,989 | 5,103 | 2,918 | $ 26,715 |
| Travel and accommodation | 26,467 | - | - | - | $ 26,467 |
| **Total for the year ended December 31, 2022** | **$ 155,483** | **$ 21,878** | **$ 56,137** | **$ 32,103** | **$ 265,601** |

7. **Exploration and Evaluation Assets (continued)**

**EVX Portugal**

On April 15, 2021, the Company finalized the acquisition of 70% of EVX Portugal, a private based Portuguese company who has the legal rights to an exploration license application with the Portugal Government to the Borba 2 exploration property (the "Exploration Application"), covering approximately 230 square kilometres in the Alentejo region in Southern Portugal. On October 28, 2021, the Exploration Application was approved by the Portuguese government. Europacific, through its subsidiary, EVX Portugal, entered into an exploration/concession agreement with the Portuguese government in relation to the Borba 2 property. 7.

On the acquisition date, EVX Portugal had net assets of approximately $NIL, as such, for the purpose of purchase price allocation, the entire amount ($17,994) paid by Europacific to acquire the 70% interest in EVX Portugal was recorded as the acquisition cost on Europacific's Consolidated Statement of Financial Position, part of the exploration and evaluation assets. As per the purchase agreement, when the exploration license to Borba 2 was granted by the Portuguese government, Europacific paid an additional cash of $45,686 and issued common shares valued at $20,000 to the sellers. Both amounts were recorded as the acquisition cost on Europacific's Consolidated Statement of Financial Position, part of the exploration and evaluation assets. For accounting purposes, the acquisition has been recorded as an asset acquisition as EVX Portugal did not meet the definition of a business, as defined in IFRS 3 *Business Combinations*.

On April 25, 2023, the Company and European Electric Metals Inc entered into an agreement pursuant to which the Company will purchase the 30% interest that European Electric Metals Inc has in EVX Portugal for $50,000 and 700,000 common shares of the Company. The transaction was approved by the TSX-V on July 24, 2023, and the Company issued 700,000 common shares valued at $17,500 to European Electric Metals Inc. As of December 31, 2023, the Company owns 100% of EVX Portugal. As at December 31, 2023, the Company has a $65,817 (2022 - $65,061) bond with the Portuguese government for the Borba 2 concession.

**Barrancos**

See Note 12 "Investment in and due from associate" for details of the Barrancos project.

**Scottie Gold Project**

On August 19, 2022 the Company signed an Option Agreement with Scottie Resources Corp. ("Scottie"), a company engaged in the exploration and evaluation of gold and silver properties located in the Golden Triangle of British Columbia, to purchase a working interest in Scottie's exploration properties (the "Option").

Under the terms of the agreement, Europacific can acquire up to 3.75% interest in the Scottie's properties by incurring up to $1,500,000 in flow through eligible exploration expenses until December 31, 2022. If the exploration expenses incurred amount to less than $1,500,000, Europacific's earned interest in the Scottie properties will be reduced proportionally.

Following the exercise of the Option, Europacific will have the right (the "Put Right") to require Scottie to repurchase the interest earned by Europacific by paying cash, at a price calculated by dividing the total exploration expenditures incurred by Europacific by 1.71. Following the exercise of the Option, Scottie will have the right (the "Call Right") to repurchase the interest earned by Europacific by paying cash, at a price calculated by dividing the total exploration expenditures incurred by Europacific by 1.71.

In the event the Put Right or the Call Right is exercised, Scottie may, in its sole discretion, satisfy up to $300,000 of the price for the repurchase of Europacific's interest by issuing Europacific common shares in the capital of Scottie.

(Expressed in Canadian dollars)

7. **Exploration and evaluation assets (continued)**

The Company fulfilled its expenditure commitment by incurring a total of $1,580,000 flow-through eligible expenditures and exercised the option to acquire the working interest in the Scottie's properties (note 13).

In order to make cash available for its Portuguese projects, which are seen as having a higher potential by the Company, on November 9, 2022 the Company exercised the Put Right and resold the working interest to Scottie for a cash payment of $900,000. As a result, $680,010 loss of disposal of exploration and evaluation assets were recorded.

**Scottie West Property Option**

On November 22, 2020, the Company entered into a definitive agreement with Roughrider to acquire a 70% interest in the Scottie West Property, located in the Golden Triangle in Northwestern British Columbia. Pursuant to terms of the agreement with Roughrider, the Company has committed to the following to earn the 70% interest in the Scottie West property:

| | **Cash** | **Shares to be issued to Roughrider** | **Work commitment** |
|---|---|---|---|
| Upon Signing | $25,000 (paid in November 2020) | Equivalent of $25,000 (issued in November 2020) | none |
| Year 1 | $25,000 (paid in November 2021) | Equivalent of $50,000 (issued in November 2021) | $200,000 (fulfilled) |
| Year 2 | $50,000 | Equivalent of $75,000 | $100,000 |
| Year 3 | $150,000 | Equivalent of $150,000 | $300,000 |
| Year 4 | $250,000 | Equivalent of $200,000 | $400,000 |
| **Total** | **$500,000** | **Equivalent of $500,000** | **$1,000,000** |

During the year ended December 31, 2022, the Company decided to not further pursue this project and accordingly recorded an impairment of $128,114.

**Big Frank and Goldstorm South properties**

On August 31, 2021, the Company signed an option agreement with Cazador Resources Ltd. ("Cazador") to earn a 100 % interest in two properties known as "Big Frank" and "Goldstorm South" (formerly Nuit Mountain). The projects are located in the western Chilcotin District of southwestern British Columbia. The terms of the agreement are as follows:

Big Frank

| | **Cash** | **Shares to be issued to Cazador** | **Work commitment** |
|---|---|---|---|
| Upon Signing | $10,000 (paid in August 2021) | 60,000 (issued in September 2021) | $ 50,000 before December 31, 2021 (fulfilled) |
| Year 1 – before August 31, 2022 | $40,000 | 140,000 | $350,000 |
| Year 2 – before August 31, 2023 | $100,000 | 600,000 | $600,000 |
| Year 3 – before August 31, 2024 | $150,000 | 1,200,000 | $2,000,000 |
| Year 4 – before August 31, 2025 | $400,000 | 2,000,000 | $4,000,000 |
| **Total** | **$700,000** | **4,000,000** | **$7,000,000** |

(Expressed in Canadian dollars)

7. **Exploration and evaluation assets (continued)**

**Big Frank and Goldstorm South properties (continued)**

Goldstorm South

| | Cash | Shares to be issued to Cazador | Work commitment |
|---|---|---|---|
| Upon Signing | $5,000 (paid in August 2021) | 30,000 (issued in September 2021) | $ 25,000 before December 31, 2021 (fulfilled) |
| Year 1 – before August 31, 2022 | $20,000 | 70,000 | $175,000 |
| Year 2 – before August 31, 2023 | $50,000 | 300,000 | $300,000 |
| Year 3 – before August 31, 2024 | $75,000 | 600,000 | $1,000,000 |
| Year 4 – before August 31, 2025 | $200,000 | 1,000,000 | $2,000,000 |
| **Total** | **$350,000** | **2,000,000** | **$3,500,000** |

During the year ended December 31, 2022, the Company decided to not further pursue the Big Frank and Goldstorm South projects and accordingly recorded an impairment of $28,239.

8. **Related party disclosures**

*Key management compensation*

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the years ending December 31, 2023 and 2022 is as follows:

| | | Year ended December 31, 2023 | | Year ended December 31, 2022 |
|---|---|---|---|---|
| Director remuneration[1] | $ | 58,000 | $ | 19,000 |
| Officer remuneration[1] | $ | 340,698 | $ | 452,333 |
| Share-based payments | $ | 37,200 | $ | 79,199 |

[1] Remuneration consists exclusively of salaries, bonuses, health benefits if applicable, and consulting fees for key management personnel.

8. **Related party disclosures (continued)**

2023 Remuneration

Included in the accounting and corporate secretarial fees for the year ended December 31, 2023 is $45,000 charged by a corporation with common officers, who provided key management services (CFO and corporate secretary services). CEO fees in 2023, distributed between management fees, corporate development and exploration expenses on the consolidated statement of loss of the Company are $160,318. Total 2023 fees charged by a company related to the VP of exploration are $135,380, which is split on the consolidated statement of loss between exploration expenses, corporate development, and consulting fee. Consulting related fees charged by the directors of the Company and reported as management fees on the consolidated statement of loss of the Company are $58,000.

2022 Remuneration
Included in the accounting and corporate secretarial fees for the year ended December 31, 2022 is $56,500 charged by a corporation with common officers, who provided key management services (CFO and corporate secretary services). CEO fees in 2022, distributed between management fees and exploration expenses on the profit and loss of the Company, are $156,158. 2022 fees for VPs of exploration, accounted as exploration expenses, are $238,974. Consulting fees charged in 2022 by a director of the Company are $19,000.

Due to related parties.

Included in accounts payable and accrued liabilities at December 31, 2023 is $4,443 (2022 -15,221) due for exploration related consulting services provided by a related party in December 2023.

9. **Share capital and Reserves**

(a) **Authorized**

The Company's authorized share capital consists of an unlimited number of common shares without par value.

(b) **Reconciliation of changes in share capital**

On April 11, 2022, Europacific completed a private placement financing and issued 1,000,000 common shares for total proceeds of $150,000 ($0.15 per share). No compensation was paid in connection with this financing.

On July 24, 2023, Europacific issued 700,000 shares with a fair market value of $17,500 to European Electric Meals Inc in exchange of 30% interest in EVX Portugal (see Note 7).

On December 8, 2023, the Company completed a private placement in three tranches for total gross proceeds of $383,500 by issuing 15,340,000 units of the Company at a purchase price of $0.025 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each whole warrant being exercisable to acquire one additional common share of the Company at an exercise price of $0.05 per share for a term of two years from the date of issuance. No compensation was paid in connection with this financing.

(Expressed in Canadian dollars)

9. **Share Capital and Reserves (continued)**

(c) **Stock Option Plan**

On June 20, 2023, the Company implemented a new 10% rolling stock option plan. The total number of common shares of the Company reserved for issuance under the stock option plan cannot exceed 10% of the number of common shares of the Company that are issued and outstanding on each applicable date of grant for any stock option. The Exercise Price shall not be less than the market price of the shares as of the date of grant and the maximum vesting term allowed under the plan is 10 years. The vesting terms are determined by the Plan Administrator, which is the Board of Directors.

Stock options transactions during the years ended December 31, 2023 and 2022 were as follows:

| | **Number of options** | | **Weighted average exercise price** |
|---|---|---|---|
| Outstanding, December 31, 2021 | 3,670,000 | $ | 0.10 |
| Granted | 1,700,000 | $ | 0.13 |
| Cancelled | (490,000) | $ | 0.11 |
| Outstanding, December 31, 2022 | 4,880,000 | $ | 0.10 |
| Granted | 2,000,000 | S | 0.05 |
| Cancelled | (80,000) | $ | 0.05 |
| Outstanding, December 31, 2023 | 6,800,000 | $ | 0.09 |

The following is a summary of stock options outstanding and exercisable at December 31, 2023:

| **Expiry date** | **Number of options** | | **Exercise price** |
|---|---|---|---|
| January 11, 2026 | 2,100,000 | $ | 0.05 |
| March 1, 2026 | 290,000 | $ | 0.15 |
| May 25, 2026 | 600,000 | $ | 0.18 |
| August 6, 2026 | 190,000 | $ | 0.15 |
| January 20, 2027 | 1,400,000 | $ | 0.15 |
| July 4, 2027 | 300,000 | $ | 0.07 |
| December 13, 2028 | 1,920,000 | $ | 0.05 |
| | 6,800,000 | $ | 0.09 |

The fair value of stock options awarded during the year ended December 31, 2023 and 2022 was estimated on the dates of award using the Black-Scholes option pricing model with the following assumptions:

| | 2023 Year End | 2022 Year End |
|---|---|---|
| Stock Price | $0.03 | from $0.07 to $0.15 |
| Exercise Price | $0.05 | from $0.07 to $0.15 |
| Expected Life in Years | 5 | 5 |
| Annualized Volatility | 130% | 130% |
| Annual Rate of Quarterly Dividends | - | - |
| Discount Rate - Bond Equivalent Yield | 3.40% | from 1.60% to 2.94% |

The weighted average remaining contractual life for stock options outstanding at December 31, 2023 is 3.19 years (2022 – 3.5 years).

(Expressed in Canadian dollars)

9. **Share Capital and Reserves (continued)**

**(d) Share purchase warrants**

Warrant transactions during the years ended December 31, 2023 and 2022 are as follows:

| | Number of warrants | | Weighted average exercise price |
|---|---|---|---|
| **Outstanding, December 31, 2021** | 9,699,917 | $ | 0.17 |
| Expired | (8,823,443) | $ | 0.19 |
| **Outstanding, December 31, 2022** | 876,474 | $ | 0.17 |
| Expired | (876,474) | $ | 0.17 |
| Issued | 15,340,000 | $ | 0.05 |
| **Outstanding, December 31, 2023** | 15,340,000 | $ | 0.05 |

As at December 31, 2023 the following share purchase warrants were outstanding and exercisable:

| Expiry date | Number of warrants | | Exercise price |
|---|---|---|---|
| November 15, 2025 | 8,420,000 | $ | 0.05 |
| December 5, 2025 | 2,500,000 | $ | 0.05 |
| December 8, 2025 | 4,420,000 | $ | 0.05 |
| | 15,340,000 | $ | 0.05 |

The weighted average remaining contractual life for warrants outstanding at December 31, 2023 is 1.9 years (2022 - 0.6 years).

The value of the warrants issued during the year ended December 31, 2023 was calculated using the residual method. As the fair value of the share price was below the exercise price of the warrants issued part of the 2023 private placements, the residual value allocated to the warrants was $Nil. No warrants were issued in 2022. No broker warrants were issued in 2023 and 2022.

(Expressed in Canadian dollars)

## 10. Equipment

The following table provides a summary of the equipment at December 31, 2023 and 2022:

| **Cost** | | **Computer Equipment** |
|---|---|---|
| Balance, December 31, 2021 | $ | - |
| Additions | | 5,898 |
| **Balance, December 31, 2022 and 2023** | $ | **5,898** |
| | | |
| **Accumulated amortization** | | |
| Balance, December 31, 2021 | $ | - |
| Additions | $ | 1,474 |
| Balance, December 31, 2022 | $ | 1,474 |
| Additions | $ | 1,474 |
| **Balance December 31, 2023** | $ | **2,948** |
| **Carrying value, December 31, 2023** | $ | **2,950** |
| **Carrying value, December 31, 2022** | **$** | **4,424** |

(Expressed in Canadian dollars)

11. **Income Taxes**

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2022 - 27.00%) to income before income taxes. The reasons for the differences are as follows:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Loss before tax | $ | (673,464) | $ | (1,782,074) |
| Statutory income tax rate | | 27.00% | | 27.00% |
| Expected income tax recovery | | (182,000) | | (481,160) |
| Change in statutory, foreign tax, foreign exchange rates and other | | 17,000 | | 11,000 |
| Permanent differences | | 13,000 | | 60,062 |
| Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses | | 223,000 | | 261,717 |
| Change in unrecognized deductible temporary differences | | (71,000) | | 148,381 |
| Income tax expense | $ | - | $ | - |

The Company recognizes a deferred tax asset on unused tax losses or other deductible amounts only when the Company expects to have future taxable profit against which the amounts could be utilized. The Company's deductible temporary differences and unused tax losses for which no deferred tax asset is recognized on the consolidated statement of financial position consist of the following:

| | 2023 | Expiry Date Range | 2022 | Expiry Date Range |
|---|---|---|---|---|
| **Temporary Differences** | | | | |
| Share issue costs | 66,000 | 2044 to 2045 | 114,408 | 2043 to 2045 |
| Property and equipment | 41,000 | No expiry date | 75,864 | No expiry date |
| Exploration and evaluation assets | 142,000 | No expiry date | 429,947 | No expiry date |
| Investment in associates | 126,000 | No expiry date | 50,572 | No expiry date |
| Non-capital losses | 2,326,000 | see below | 2,177,423 | see below |
| Canada | 1,925,000 | 2037 to 2043 | 1,994,085 | 2037 to 2042 |
| Portugal | 401,000 | indefinitely | 183,338 | indefinitely |

(Expressed in Canadian dollars)

## 12. Investment in and due from associates

On June 23, 2021, the Company has signed a definitive agreement (the "Agreement") to acquire up to 100% equity interest in a private Portuguese company, Indice Crucial, which holds exploration rights on several past producing copper and gold projects as well as other advanced gold exploration applications in Portugal. Upon signing of the Agreement, Europacific earned a 20% ownership in Indice Crucial. Under the terms of the Agreement, Europacific will acquire up to a 100% equity interest in Indice Crucial by making the following cash and share payments to BMP, the parent of Indice Crucial.

| Timing | Cash in Euro | Europacific Shares | Europacific ownership |
|---|---|---|---|
| Upon Signing | 100,000 (paid June 23, 2021) | 100,000 (issued July 19, 2021) | 20% |
| Within 2 Years | 150,000 | 500,000 | 50% |
| Within 4 Years | 100,000 | 750,000 | 85% |

Europacific, can acquire the remaining 15% equity interest, for a total of 100%, at any time, for 2,000,000 Euro. The 20% initial investment in Indice Crucial was recorded at cost $(165,987) as a significant influence investment on the Consolidated Statement of Financial Position of the Company.

Reconciliation of the carrying value of the investment and amounts due from Indice Crucial:

| | |
|---|---|
| **Value of the investment at December 31, 2021** | **$ 339,699** |
| Advances to Indice Crucial | $ 298,610 |
| Deduct 2022 loss of Indice Crucial attributable to Europacific (20% of total loss) | $ (59,215) |
| **Value of the investment at December 31, 2022** | **$ 579,094** |
| | |
| Advances to Indice Crucial | $ 87,307 |
| Deduct 2023 loss of Indice Crucial attributable to Europacific (20% of total loss) | $ (24,753) |
| **Value of the investment at December 31, 2023** | **$ 641,648** |

During year ended December 31, 2023, Europacific incurred $87,307 (2022 - $278,875) in evaluation and explorations expenses on the Barrancos property (owned by Indice Crucial and co-managed by Europacific and Indice Crucial). The amount, plus a 2% management fee of $1,577 (2022 - $5,572), was recharged by Europacific to Indice Crucial, as per a service agreement between the two parties.

Amounts recharged and additional advances are accumulated under a loan agreement with Indice Crucial which is unsecured, has no set terms of repayment and bears interest at a fixed annual rate of EURIBOR (Euro Interbank Offered Rate) six months plus 2%. Advances under the loan agreement are not refundable and are accounted for as part of the cost of the investment.

The following table summarize the financial information of Indice Crucial at December 31, 2023 and 2022:

| | |
|---|---|
| Revenues for the year ended December 31, 2023 | Nil |
| Losses for the year ended December 31, 2023 | $ 123,766 |
| Assets at December 31, 2023 | $ 50,171 |
| Liabilities at December 31, 2023 | $ 698,495 |
| | |
| Revenues for the year ended December 31, 2022 | Nil |
| Losses for the year ended December 31, 2022 | $ 296,077 |
| Assets at December 31, 2022 | $ 65,057 |
| Liabilities at December 31, 2022 | $ 585,111 |

(Expressed in Canadian dollars)

## 13. Flow-through shares premium liability

During the year ended December 31, 2021, the Company raised $1,973,980 through the issuance of 11,611,648 flow-through common shares at a price of $0.17 per share. A flow-through liability of $238,115 was recognized on the issuance date. During the year ended December 31, 2022, Europacific spent $1,657,046 (2021 - $316,934) in expenses on mineral properties located in British Columbia. As a result of these expenditures, Europacific recognized an earned sale of tax deduction income of $199,884 in 2022 (2021 - $38,231). As of December 31, 2022, the Company fulfilled the flow-through share obligation.

During the year ended December 31, 2022, the Company accrued Part XII.6 tax of $12,088 on unspent proceeds renounced under the Look-Back Rule. As at December 31, 2022, the amount was included within accounts payable and accrued liabilities and was remitted to the Canada Revenue Agency in 2023.

## 14. Segmented information

The Company's operations are conducted in one reportable segment: exploration and evaluation of mineral properties in Canada and Portugal and corporate operations mineral exploration in Canada.

Total non current assets by geographical area:

At Decemeber 31, 2023

| | | Portugal | Canada | Total |
|---|---|---|---|---|
| Equipment | $ | - | 2,950 | 2,950 |
| Long term deposits | | 65,817 | - | 65,817 |
| Investment in associates | | 641,648 | - | 641,648 |
| Exploration and evaluation assets | | 83,680 | - | 83,680 |
| Total | $ | 791,145 | 2,950 | 794,095 |

At Decemeber 31, 2022

| | | Portugal | Canada | Total |
|---|---|---|---|---|
| Equipment | $ | - | 4,424 | 4,424 |
| Long term deposits | | 65,061 | - | 65,061 |
| Investment in associates | | 579,094 | - | 579,094 |
| Exploration and evaluation assets | | 83,680 | - | 83,680 |
| Total | $ | 727,835 | 4,424 | 732,259 |