American Lithium Corp.

Consolidated Financial Statements

For the years ended February 28, 2025 and February 29, 2024

(Expressed in Canadian Dollars)

American Lithium Corp.

Table of Contents

	Page
Independent Auditor's Report	3
Consolidated Financial Statements	
Consolidated Statements of Financial Position	6
Consolidated Statements of Loss and Comprehensive Loss	7
Consolidated Statements of Cash Flows	8
Consolidated Statements of Changes in Shareholders' Equity	9
Notes to the Consolidated Financial Statements	10

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
American Lithium Corp.

Opinion

We have audited the accompanying consolidated financial statements of American Lithium Corp. (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2025 and February 29, 2024 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 February 28, 2025 and February 29, 2024, 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 had a working capital deficiency of ($1,278,225), and for the year ended February 28, 2025, incurred a net loss of $24,998,499. Furthermore, as at February 28, 2025, the Company had an accumulated deficit of $184,169,836. 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.

Key Audit Matters

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

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

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 10 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $150,859,439 as of February 28, 2025. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

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

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

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:

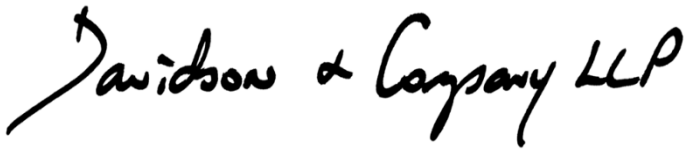
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 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 Carmen Newnham.



Vancouver, Canada

Chartered Professional Accountants

June 26, 2025

American Lithium Corp.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	February 28, 2025	February 29, 2024
		$	$
Assets			
Current assets			
Cash and cash equivalents	4	**1,110,022**	11,889,416
Short-term investment	5	**1,039,840**	4,451,480
Amounts receivable		**27,744**	616,042
Prepaid expenses and deposits		**1,361,380**	2,482,159
		3,538,986	19,439,097
Non-current assets			
Investment in Surge Battery Metals Inc.	6	**811,037**	1,828,201
Reclamation deposits	7	**630,902**	593,009
Property and equipment	8	**1,123,365**	1,174,268
Right-of-use assets	9	**63,022**	100,835
Exploration and evaluation assets	10	**150,859,439**	150,459,421
		153,487,765	154,155,734
Total assets		**157,026,751**	173,594,831
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	**3,930,458**	2,174,324
Deferred revenue	6	**-**	60,000
Current portion of deferred gain on short-term investment	5	**842,286**	842,286
Current portion of lease liabilities	9	**44,467**	39,013
		4,817,211	3,115,623
Non-current liabilities			
Deferred gain on short-term investment	5	**210,571**	1,052,857
Lease liabilities	9	**33,439**	77,906
		244,010	1,130,763
Total liabilities		**5,061,221**	4,246,386
Equity			
Share capital	11	**285,580,503**	273,823,462
Equity reserves	11	**49,311,341**	54,145,037
Deficit		**(184,169,836)**	(159,171,337)
Accumulated other comprehensive income		**1,243,522**	551,283
		151,965,530	169,348,445
Total liabilities and equity		**157,026,751**	173,594,831

Nature of operations and going concern (Note 1)
Subsequent event (Note 18)

Approved on behalf of the Board of Directors on June 26, 2025:

/s/ *Claudia Tornquist*
Claudia Tornquist, Director

/s/ G.A. (*Ben) Binninger*
G.A. (Ben) Binninger, Director

American Lithium Corp.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Year ended February 28, 2025	Year ended February 29, 2024
		$	$
Operating expenses			
Conferences and tradeshows		**110,027**	410,626
Consulting and employment costs		**794,000**	781,907
Depreciation	8, 9	**283,250**	297,170
Exploration and evaluation expenditures	10	**8,783,202**	14,399,429
Foreign exchange (gain) loss		**(55,751)**	230,756
General and administrative		**247,860**	540,723
Insurance		**1,320,097**	1,534,668
Interest - lease obligations	9	**11,931**	11,783
Management and directors fees	12	**1,687,002**	2,067,000
Marketing		**393,955**	2,146,780
Professional fees		**895,070**	1,395,214
Regulatory and transfer agent fees		**210,326**	237,748
Share-based compensation	11, 12	**6,862,503**	15,993,679
Travel		**9,587**	198,964
		21,553,059	**40,246,447**
Other items			
Advisory fee income	6	**60,000**	180,000
Deferred gain recognition	5	**842,286**	631,714
Interest and miscellaneous income		**282,723**	1,137,819
Loss on short-term investment	5	**(3,411,640)**	(372,520)
Share of loss from equity investment in Surge Battery Metals Inc.	6	**(969,070)**	(814,238)
Dilution loss on investment in Surge Battery Metals Inc.	6	**(48,094)**	(420,418)
Exploration & evaluation assets write-down	10	**(201,645)**	-
Net loss for the year		**(24,998,499)**	(39,904,090)
Other comprehensive loss			
Foreign currency translation adjustment		**692,239**	20,860
Comprehensive loss for the year		**(24,306,260)**	(39,883,230)
Basic and diluted loss per share		**(0.11)**	(0.19)
Weighted average number of common shares outstanding - basic and diluted		**217,896,847**	214,635,954

American Lithium Corp.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	Year ended February 28, 2025	Year ended February 29, 2024
		$	$
Operating activities			
Net loss for the year		**(24,998,499)**	(39,904,090)
Items not affecting cash and cash equivalents:			
Depreciation	8, 9	**283,250**	297,170
Unrealized foreign exchange		**(37,893)**	1,704
Interest - lease obligations	9	**11,931**	11,783
Share-based compensation	11, 12	**6,862,503**	15,993,679
Deferred gain on short-term investment	5	**(842,286)**	(631,714)
Loss on short-term investment	5	**3,411,640**	372,520
Share of loss from equity investment in Surge Battery Metals Inc.	6	**969,070**	814,238
Dilution loss on investment in Surge Battery Metals Inc.	6	**48,094**	420,418
Exploration & evaluation assets write-down	10	**201,645**	-
Accrued interest receivable		**-**	217,509
Changes in non-cash working capital items:			
Amounts receivable		**588,298**	(215,238)
Prepaid expenses and deposits		**1,120,779**	(338,204)
Accounts payable and accrued liabilities		**1,699,497**	(327,329)
Deferred revenue		**(60,000)**	60,000
Cash used in operating activities		**(10,741,971)**	(23,227,554)
Investing activities			
Exploration and evaluation assets expenditures		**-**	(201,645)
Redemption of guaranteed investment certificates		**-**	39,594,712
Purchase of guaranteed investment certificates		**-**	(11,257,649)
Investment in Surge Battery Metals Inc.		**-**	(5,360,000)
Purchase of equipment		**(80,938)**	(518,566)
Cash provided by (used in) investing activities		**(80,938)**	22,256,852
Financing activities			
Stock options exercised	11	**50,000**	801,908
Warrants exercised	11	**10,842**	46,021
Payment of lease liabilities	9	**(50,944)**	(89,778)
Cash provided by financing activities		**9,898**	758,151
Effect of foreign exchange on cash and cash equivalents		**33,617**	116,201
Change in cash and cash equivalents during the year		**(10,779,394)**	(96,350)
Cash and cash equivalents, beginning of year		**11,889,416**	11,985,766
Cash and cash equivalents, end of year		**1,110,022**	11,889,416

Supplemental cash flow disclosures (Note 16)

American Lithium Corp.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Notes	Share capital		Equity reserves	Deficit	Accumulated other comprehensive income	Total
		Shares	Amount				
		#	$	$	$	$	$
Balance as at February 28, 2023		**214,088,980**	**261,911,478**	**49,215,413**	**(119,267,247)**	**530,423**	**192,390,067**
Share-based compensation	11	-	-	15,993,679	-	-	15,993,679
Stock options exercised	11	540,600	1,363,257	(561,349)	-	-	801,908
Restricted share units vested	11	2,900,000	10,469,000	(10,469,000)	-	-	-
Warrants exercised	11	26,307	79,727	(33,706)	-	-	46,021
Loss for the year		-	-	-	(39,904,090)	-	(39,904,090)
Foreign currency translation adjustment		-	-	-	-	20,860	20,860
Balance as at February 29, 2024		**217,555,887**	**273,823,462**	**54,145,037**	**(159,171,337)**	**551,283**	**169,348,445**
Share-based compensation	11	-	-	6,862,503	-	-	6,862,503
Stock options exercised	11	200,000	101,220	(51,220)	-	-	50,000
Restricted share units vested	11	2,680,330	11,640,158	(11,640,158)	-	-	-
Warrants exercised	11	3,614	15,663	(4,821)	-	-	10,842
Loss for the year		-	-	-	(24,998,499)	-	(24,998,499)
Foreign currency translation adjustment		-	-	-	-	692,239	692,239
Balance as at February 28, 2025		**220,439,831**	**285,580,503**	**49,311,341**	**(184,169,836)**	**1,243,522**	**151,965,530**

1. NATURE OF OPERATIONS AND GOING CONCERN

American Lithium Corp. (the "Company") was incorporated in the Province of British Columbia. The Company is engaged in the business of identification, acquisition, and exploration of mineral interests in the United States of America and Peru. The Company's head office is located at 710 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3, Canada, and its registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, BC, V6C 3E8, Canada. The Company's common shares are listed for trading on Tier 2 of the TSX Venture Exchange (the "Exchange") under the symbol "LI", the OTCQX Best Market under the symbol "AMLIF", and on the Frankfurt Stock Exchange under the symbol "5LA1".

The Company is in the process of exploring its principal mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is in the exploration stage and has not generated revenue from operations. As at February 28, 2025, the Company had a working capital deficiency of ($1,278,225) (February 29, 2024 – working capital of $16,323,474), and for the year ended February 28, 2025, incurred a net loss of $24,998,499 (year ended February 29, 2024 – $39,904,090). Furthermore, as at February 28, 2025, the Company had an accumulated deficit of $184,169,836 (February 29, 2024 – $159,171,337), which has been funded primarily by the issuance of equity. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the successful results from its exploration activities and the ability of the Company to obtain the necessary financing to continue the exploration, evaluation and development of its assets. Though the Company has raised financing in the past, there is no guarantee that it will be able to in the future. If the Company is not able to raise additional capital, the Company would have to reduce its cash requirements by eliminating or deferring spending on exploration and corporate activities. These factors indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements. Those differences would likely be material.

2. BASIS OF PRESENTATION

Statement of compliance

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

Certain accounts have been reclassified to be consistent with the current period classification.

2. BASIS OF PRESENTATION (continued)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on June 26, 2025.

Basis of measurement

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

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The Canadian dollar is also the functional currency of the Company and its subsidiaries, except for Macusani Yellowcake S.A.C. and Macusani Uranium S.A.C. where the functional currency is the United States dollar.

Transactions in currencies other than the functional currency of an entity are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Where applicable, the functional currency of an entity is translated into the presentation currency using the period-end rates for assets and liabilities while the operations and cash flows are translated using average rates of exchange. Exchange adjustments arising when net assets and profit or loss are translated into the presentation currency are taken into a separate component of equity and reported in other comprehensive income or loss.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and the following subsidiaries:

Name	Jurisdiction
American Lithium Holdings Corp.	British Columbia, Canada
Tonopah Lithium Corp.	Nevada, USA
Plateau Energy Metals Inc. (“Plateau”)	British Columbia, Canada
Macusani Yellowcake S.A.C.	Peru
Macusani Uranium S.A.C.	Peru

On February 28, 2025, the Company merged Big Smoky Holdings Inc. (“Big Smoky”) and Maran Ventures Ltd. (“Maran”) with Tonopah Lithium Corp. Subsequent to February 28, 2025, Plateau obtained a certificate of continuance to British Columbia, Canada, from the jurisdiction of Ontario, Canada.

All intercompany transactions, balances, revenue and expenses are eliminated on consolidation.

Subsidiaries are entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and highly liquid investments in the form of money market investments and certificates of deposit with investment terms that allow for penalty free redemption after one month or less and are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Money market investments and certificates of deposit that cannot be redeemed within a month or less for no penalty are classified as guaranteed investment certificates on the statement of financial position.

Exploration and evaluation assets

Exploration and evaluation costs are expensed as incurred. Costs directly related to the acquisition are capitalized once the legal rights to explore the exploration and evaluation assets are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

Management reviews the carrying value of capitalized exploration and evaluation assets at least annually. The review is based on the Company's intentions for development of an undeveloped property.

If a project does not prove viable, all unrecoverable costs associated with the project net of any previous impairment provisions are written off.

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties are in good standing.

Property and equipment

Property and equipment is carried 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 and restoring the site on which it is located. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of loss and comprehensive loss. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Depreciation is calculated using the straight-line method over the following estimated useful lives:

- Buildings 10 years straight-line
- Computer equipment 3 years straight-line
- Furniture and office equipment 5 years straight-line
- Leasehold improvements 5 years straight-line
- Machinery and equipment 5 years straight-line
- Vehicles 5 years straight-line

Impairment

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired.

If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and its carrying amount or that of the CGU is written down to its recoverable amount and the impairment loss is recognized in the consolidated statement of loss and comprehensive loss.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of loss and comprehensive loss.

Decommissioning liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company's exploration and evaluation activities. Discount rates using a pre-tax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. The Company has no obligation for restoration, rehabilitation and environment costs as at February 28, 2025 and February 29, 2024.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Investment in associate

The Company accounts for its investment, over which it has significant influence, as an investment in associate using the equity method, whereby the investment is initially recorded at cost, and subsequently adjusted to recognize the Company's share of earnings or losses from the associated company. The consolidated statements of loss and comprehensive loss reflect the share of the net loss of the associated company from the acquisition date forward. Changes in the Company's interest in its associated company resulting in dilution gains or losses, are recognized in the consolidated financial statements of loss and comprehensive loss.

The Company determines whether any objective evidence of impairment exists at each reporting date. If impaired, the carrying value of the investment is written down to its recoverable amount.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of loss and comprehensive loss.

Share-based payments

The Company grants stock options to buy 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. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are also measured using an option pricing model. Consideration paid for the shares on the exercise of stock options is credited to share capital.

The Company grants restricted share units ("RSUs") and performance share units ("PSUs") to directors, officers, and employees. RSUs are redeemable on the vesting date, at the Company's discretion, into an equal number of common shares of the Company or into cash. PSUs will vest upon a change of control or disposition of a controlling interest in one of the Company's core assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Warrants issued in equity financing transactions

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Warrants that are part of units are assigned value based on the residual value method and included in the share warrant reserve. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Loss per share

Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method, which assumes that all securities convertible to shares of the Company are exercised, if they have a dilutive effect. For the years presented, the outstanding warrants, options, RSUs and PSUs were anti-dilutive due to the Company reporting net losses. Accordingly, diluted loss per share information has not been shown.

Financial instruments

Financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost – assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on specified dates; (ii) fair value through other comprehensive income ("FVOCI") – assets that are held for collection of contractual cash flows and selling the financial assets, where those cash flows represent solely payments of principal and interest on specified dates; or (iii) fair value through profit or loss ("FVTPL") – assets not classified as amortized cost or FVOCI.

A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Cash and cash equivalents, amounts receivable, deposits and reclamation deposits are measured at amortized cost with subsequent impairments recognized in profit or loss. The Company's short-term investment is classified as FVTPL.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated and subsequently measured as amortized cost, unless the Company has opted or is required to carry them at FVTPL. Accounts payable and accrued liabilities and lease liabilities are classified as amortized cost.

Income taxes

The Company utilizes the asset and liability method of accounting for deferred taxes. Under the asset and liability method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against the asset that can be utilized.

The Company's exposure to uncertain tax positions is evaluated and a provision is made where it is probable that this exposure will materialise.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use ("ROU") asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension, or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

Accounting pronouncements not yet adopted

IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company is currently in the process of performing an assessment of the new standards issued by the IASB and has not yet determined the impact the standard will have on the Company's consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Judgements and estimates

The preparation of annual consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continuously 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. However, actual outcomes can differ from these estimates. The results of estimates form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

The key areas of judgement and estimation impacting these consolidated financial statements are as follows:

Carrying value of exploration and evaluation assets

- The Company's exploration and evaluation assets represent its most significant asset on the statement of financial position. The Company's management applies its judgement, using facts and circumstances available at the time, to determine whether the exploration and evaluation asset value may be realized. For each of its projects, the Company reviews its right to the claims/concessions, future plans and exploration or development progress to determine if it should test the respective projects for impairment. There is significant judgement involved in determining if a project shows impairment indicators that may impact the carrying value of exploration and evaluation assets.

Valuation of share-based compensation awards

- Stock options are valued using the Black-Scholes option pricing model with inputs that can significantly impact the calculated value. Typical inputs into the Black-Scholes option pricing model include: exercise price, historical volatility, time to expiration and risk-free discount rates. Historical volatility and risk-free discount rates in particular require judgement around the reference period or benchmark rate used as inputs into the Black-Scholes option pricing model.

Valuation of common shares and common share purchase warrants received from investment in Surge Battery Metals Inc. (note 6)

- The Company's investment in Surge Battery Metals Inc. ("Surge") required the use of the Black-Scholes option pricing model to determine the discount for lack of marketability applied to the initial value of the Surge common shares and to value the Surge common share purchase warrants. Typical inputs into the Black-Scholes option pricing model include: exercise price, historical volatility, time to expiration and risk-free discount rates. Historical volatility and risk-free discount rates in particular require judgement around the reference period or benchmark rate used as inputs into the Black-Scholes option pricing model.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Determination of significant influence

- The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting. As at February 28, 2025, the Company determined it has significance influence over Surge (note 6).

4. CASH AND CASH EQUIVALENTS

	February 28, 2025	February 29, 2024
	$	$
Cash held in banks	**794,201**	2,082,134
Redeemable guaranteed investment certificates	**315,821**	9,807,282
	1,110,022	11,889,416

The Company's cash and cash equivalents include an aggregate of $315,821 in redeemable guaranteed investment certificates ("GICs") including accumulated interest from Canadian financial institutions, which earn interest at rates ranging from 2.84% - 4.25% per annum and mature between October 28, 2025 and January 10, 2026.

The Company's GICs that are included in cash and cash equivalents are fully redeemable without a loss of accumulated interest.

5. SHORT-TERM INVESTMENT

As part of the Company's strategic investment in Surge's private placement (note 6), the Company was issued 13,400,000 common share purchase warrants ("Warrants"). The Warrants are exercisable at $0.55 per Warrant for a period of three years from June 9, 2023. The Warrants are financial assets carried at FVTPL and are revalued at each reporting period end.

The following table provides a reconciliation of changes in the carrying value of the Warrants.

	$
Balance, February 28, 2023	-
Allocated transaction value of Surge's Warrants (note 6)	2,297,143
Deferred gain on Warrants (note 6)	2,526,857
Fair value of Warrants at date of acquisition	4,824,000
Loss on short-term investment for the year ended February 29, 2024	(372,520)
Balance, February 29, 2024	4,451,480
Loss on short-term investment for the year ended February 28, 2025	(3,411,640)
Balance, February 28, 2025	**1,039,840**

The Company determined the fair value of the Surge Warrants at February 28, 2025 was $1,039,840 (February 29, 2024 - $4,451,480) and therefore recognized an unrealized loss of $3,411,640 for the year ended February 28, 2025 (February 29, 2024 - $372,520).

5. SHORT-TERM INVESTMENT (continued)

The fair value of Surge Warrants at February 28, 2025 was determined using the following inputs:

	February 28, 2025	February 29, 2024
Expected volatility	**74%**	128%
Risk-free interest rate	**2.57%**	4.11%
Spot Price	**$0.37**	$0.50
Exercise Price	**$0.55**	$0.55
Time to expiration	**1.27 years**	2.27 years
Dividend yield	**Nil**	Nil

For the year ended February 28, 2025, the Company recognized $842,286 (February 29, 2024 - $631,714) of the deferred gain on the Surge Warrants recognized on the date of acquisition. The balance of remaining deferred gain at February 28, 2025 was $1,052,857, of which $842,286 is current (February 29, 2024 - $842,286) and $210,571 non-current (February 29, 2024 - $1,052,857). The deferred gain will be recognized over the term of the Warrants.

6. INVESTMENT IN SURGE BATTERY METALS INC.

On June 9, 2023, the Company completed a strategic investment in Surge, a company incorporated in Canada, whose principal business activity is the acquisition, exploration and development of mineral properties in Nevada.

Surge closed the first tranche of a non-brokered private placement financing by issuing 13,400,000 units (“Units”) at a price of $0.40 per Unit to the Company for a total transaction value of $5,360,000. Each Unit consists of one common share and one Warrant exercisable at $0.55 per Warrant for a period of three years from the date of issuance and is subject to a 4-month hold.

The allocation of the transaction value to the Surge common shares and Warrants at June 9, 2023 was determined based on the relative fair values of each asset, $3,062,857 and $2,297,143, respectively. The common shares were valued based on the market price of Surge's common shares on the date of the transaction multiplied by a discount for lack of marketability ("DLOM") of 22.6%, determined by utilizing the Black-Scholes option pricing model. The Warrants were valued using Black-Scholes option pricing model with the spot price of the Warrants based on the DLOM price of Surge's common shares to reflect the 4-month hold period.

The following Black-Scholes assumptions were utilized to value the discount for lack of marketability on the common shares and the Warrants at June 9, 2023:

	Common Shares 4-month hold	**Warrants**
Expected volatility	102%	132%
Risk-free interest rate	4.08%	4.08%
Spot Price	0.62	0.48
Exercise Price	0.62	0.55
Time to expiration	4 months	3 years
Dividend yield	Nil	Nil

6. INVESTMENT IN SURGE BATTERY METALS INC. (continued)

The Company determined that the fair value of Surge's Warrants acquired was $4,824,000 at June 9, 2023. Since the fair value of this financial instrument exceeded the Unit offering's allocated transaction value of $2,297,143, and the fair value is not based solely on observable inputs, $2,526,857 was recorded as a deferred gain, which is recognized over the three-year life of the Warrants (note 5).

After initial recognition, the Surge common shares and Warrants are separate financial assets and therefore are valued separately. The Company determined that, through a combination of its shareholdings and its board representation, has significant influence over Surge on the date of acquisition, and therefore accounts for the investment using the equity method. The Warrants are fair valued at each reporting date (note 5).

As at February 28, 2025, the Company owned 13,400,000 shares of Surge, representing approximately 8.12% ownership of the investee, and had one of the five board of director seats of Surge. The Company also entered into a technical advisory agreement with Surge whereby the Company will have influence on the exploration activities of Surge.

Since Surge's financial statements are typically not publicly available at the time the Company files its financial statements, the share of Surge's results is recognized using a reporting period which is two months prior to that of the Company.

	$
Balance, February 28, 2023	-
Allocated transaction value of Surge's common shares	3,062,857
Share of loss for the seven-month period ended December 31, 2023 [(1)]	(814,238)
Dilution loss on investment in Surge[(2)]	(420,418)
Balance, February 29, 2024	1,828,201
Share of loss for the twelve-month period ended December 31, 2024	(969,070)
Dilution loss on investment in Surge[(3)]	(48,094)
Balance, February 28, 2025	**811,037**

[(1)] Since the investment in Surge was purchased on June 9, 2023, the share of Surge's loss is only calculated from the date of acquisition to December 31, 2023.
[(2)] The Company's initial investment in Surge represented 9.73% of the outstanding share capital of Surge, decreasing to 8.37% by the end of the fiscal year which resulted in a dilution loss of $420,418.
[(3)] For the year ended February 28, 2025, the investment decreased to 8.12% of the outstanding share capital of Surge, which resulted in a dilution loss of $48,094 (February 29, 2024 - $420,418).

The trading price of Surge's common shares on February 28, 2025, was $0.37 (February 29, 2024 - $0.50). The quoted market value of the investment in Surge was $4,958,000 (February 29, 2024 - $6,700,000).

6. INVESTMENT IN SURGE BATTERY METALS INC. (continued)

Surge's unaudited loss and comprehensive loss for the period is as follows:

	Twelve months ended December 31, 2024	Seven months ended December 31, 2023
	$	$
Comprehensive loss for the period (per Surge Financial Statements)	(9,846,355)	(6,547,134)
Exploration & evaluation expenditures	(2,930,068)	(2,929,765)
Comprehensive loss for the period (in accordance with ALC's accounting policies)	(12,776,423)	(9,476,899)

Select information from Surge's statements of financial position is as follows:

	December 31, 2024	December 31, 2023
	$	$
Current assets	2,117,896	6,800,432
Non-current assets (per Surge Financial Statements)	10,144,173	9,700,672
Exploration & evaluation expenditures	(7,844,129)	(4,914,061)
Non-current assets (in accordance with ALC's accounting policies)	2,300,044	4,786,611
Current liabilities	399,124	201,800

Surge's statements of financial position and statements of loss and comprehensive loss for the period have been adjusted to align Surge's accounting policies with those of the Company, specifically relating to the accounting of exploration and evaluation expenditures.

The Company was appointed as an advisor by Surge to assist in the exploration and development of Surge's Nevada North Lithium Project. The Company has received an upfront fee of $240,000 from Surge in relation to the advisory engagement which covered a period of 12 months starting on June 9, 2023. For the year ended February 28, 2025, the Company recognized the remaining $60,000 of revenue related to the advisory engagement (February 29, 2024 - $180,000).

As at February 28, 2025, the deferred revenue balance was $nil (February 29, 2024 - $60,000).

7. RECLAMATION DEPOSITS

As at February 28, 2025, reclamation deposits of $630,902 (February 29, 2024 – $593,009) consisted of a bond recorded at cost and held as security for the State of Nevada, with regard to certain exploration properties described in note 10.

8. PROPERTY AND EQUIPMENT

	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Vehicles	Leasehold Improvement	Buildings	Land	Total
	$	$	$	$	$	$	$	$
Cost:								
Balance, February 28, 2023	20,844	25,734	-	-	30,959	-	-	**77,537**
Additions	45,857	81,005	695,413	120,635	-	337,215	76,309	**1,356,434**
Balance, February 29, 2024	66,701	106,739	695,413	120,635	30,959	337,215	76,309	**1,433,971**
Additions	-	-	28,877	107,530	-	28,779	-	**165,186**
Disposals	-	-	-	(38,527)	-	-	-	**(38,527)**
Foreign currency translation	2,771	5,181	30,322	9,825	-	22,449	4,881	**75,429**
Balance, February 28, 2025	69,472	111,920	754,612	199,463	30,959	388,443	81,190	**1,636,059**
Accumulated depreciation:								
Balance, February 28, 2023	10,081	7,315	-	-	8,256	-	-	**25,652**
Depreciation for the year	17,892	21,528	122,993	36,594	6,191	28,853	-	**234,051**
Balance, February 29, 2024	27,973	28,843	122,993	36,594	14,447	28,853	-	**259,703**
Depreciation for the year	18,708	21,681	143,522	40,602	6,192	14,732	-	**245,437**
Disposals	-	-	-	(10,916)	-	-	-	**(10,916)**
Foreign currency translation	1,311	1,565	9,730	3,768	-	2,096	-	**18,470**
Balance, February 28, 2025	47,992	52,089	276,245	70,048	20,639	45,681	-	**512,694**
Net book value:								
As at February 29, 2024	38,728	77,896	572,420	84,041	16,512	308,362	76,309	**1,174,268**
As at February 28, 2025	**21,480**	**59,831**	**478,367**	**129,415**	**10,320**	**342,762**	**81,190**	**1,123,365**

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at February 28, 2025, the right of use assets and lease liabilities are as follows:

Right-of-use assets

	Office Leases $
Cost:	
Balance, February 28, 2023	312,715
ROU asset adjustment	(123,649)
As at February 29, 2024 and February 28, 2025	**189,066**
Accumulated Depreciation:	
Balance, February 28, 2023	103,887
Depreciation for the year	63,119
Foreign exchange adjustment	(78,775)
As at February 29, 2024	88,231
Depreciation for the year	37,813
As at February 28, 2025	**126,044**
Net book value:	
As at February 29, 2024	100,835
As at February 28, 2025	**63,022**

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

Total lease liabilities

	$
As at February 28, 2023	226,289
Lease payments	(89,778)
Interest	11,783
Lease liability adjustment	(48,712)
Foreign exchange adjustment	17,337
As at February 29, 2024	116,919
Lease payments	(50,944)
Interest	11,931
	77,906
Less: current portion of lease liability	(44,467)
As at February 28, 2025	**33,439**

The lease liabilities were discounted at a discount rate of 12%.

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The remaining minimum future lease payments, excluding estimated operating costs, for the term of the lease including assumed renewal periods are as follows:

Year	$
Fiscal 2026	51,443
Fiscal 2027	34,961

10. EXPLORATION AND EVALUATION ASSETS

	TLC Project	Nevada Option	Falchani Project	Macusani Project	Total
	$	$	$	$	$
Balance, February 29, 2023	34,833,511	-	98,889,911	16,534,354	150,257,776
Additions:					
Acquisition costs	-	201,645	-	-	201,645
Balance, February 29, 2024	**34,833,511**	**201,645**	**98,889,911**	**16,534,354**	**150,459,421**
Write-down	-	(201,645)	-	-	(201,645)
Foreign currency translation	-	-	601,663	-	601,663
Balance, February 28, 2025	**34,833,511**	**-**	**99,491,574**	**16,534,354**	**150,859,439**

TLC Lithium Project ("TLC Project") – Nevada, USA

In August 2018, the Company purchased a series of unpatented lode mining claims located in Nye County, Nevada, USA, from Nevada Alaska Mining Co., Inc.

Option – Nevada, USA

In August 2023, the Company entered into an option and right-of-first refusal ("ROFR") to purchase a property with certain water rights for $201,645, expiring in 3 years.

The Company has decided not to proceed with its ROFR and the asset was written down.

Falchani Lithium Project ("Falchani Project"), Macusani Uranium Project ("Macusani Project") – Puno, Peru

Following the acquisition in May 2021 of Plateau and its Peruvian subsidiary, Macusani SAC, the Company holds title, or has court injunctions preserving title, on mineral concessions in the Province of Carabaya, Department of Puno in southeastern Peru.

10. EXPLORATION AND EVALUATION ASSETS (continued)

32 of the 179 Falchani Project and Macusani Project concessions now held by the Company's subsidiaries Macusani Yellowcake and Macusani Uranium, have been subject to Administrative and Judicial processes (together, the "Processes") in Peru to overturn resolutions issued by the Geological, Mining, and Metallurgical Institute of Peru ("INGEMMET") and the Mining Council of the Ministry of Energy and Mines of Peru ("MINEM") in February 2019 and July 2019, respectively, which declared Macusani Yellowcake's title to the 32 concessions invalid due to late receipt of the annual validity payment. On November 15, 2023, the Superior Court of Peru unanimously upheld the prior ruling of the lower court in favour of the Company in relation to those 32 concessions which clearly established that Macusani Yellowcake is the rightful owner of these concessions. On December 29, 2023, the Company announced that INGEMMET and MINEM have petitioned the Supreme Court in a final attempt to reverse the ruling. If the petition is successful, Macusani Yellowcake's title to the 32 concessions could be revoked. However, the Company believes that there are no grounds for the Supreme Court to assume jurisdiction and will continue to take all necessary actions, and pursue all available legal options, to defend its interests.

11. SHARE CAPITAL

Authorized

Unlimited number of common shares, without par value.

Issued

During the year ended February 28, 2025:

In August 2024, the Company issued 225,000 common shares in connection with the vesting and conversion of restricted share units ("RSUs"). As a result, the Company transferred $423,000 representing the carrying value of the converted RSUs from reserves to share capital.

In November 2024, the Company issued 150,000 common shares in connection with the vesting and conversion of RSUs. As a result, the Company transferred $336,000 representing the carrying value of the converted RSUs from reserves to share capital.

In January 2025, the Company issued 200,000 common shares in connection with the exercise of 200,000 stock options with an exercise price of $0.25 for total proceeds of $50,000. As a result, the Company transferred $51,220 representing the carrying value of the exercised options from reserves to share capital.

In February 2025, the Company issued 2,305,330 common shares in connection with the vesting and conversion of RSUs. As a result, the Company transferred $10,881,158 representing the carrying value of the converted RSUs from reserves to share capital.

The Company also issued 3,614 common shares in connection with the exercise of 3,614 warrants for total proceeds of $10,842. As a result, the Company transferred $4,821 representing the carrying value of the exercised warrants from reserves to share capital. The remainder of the warrants expired unexercised.

During the year ended February 29, 2024:

In February 2024, the Company issued 2,900,000 common shares in connection with the vesting and conversion of 2,900,000 restricted share units.

11. SHARE CAPITAL (continued)

The Company issued 26,307 common shares in connection with the exercise of 26,307 warrants with a weighted average exercise price of $1.75 for total proceeds of $46,021. As a result, the Company transferred $33,706 representing the carrying value of the exercised warrants from reserves to share capital. The Company also issued 540,600 common shares in connection with the exercise of 540,600 stock options with a weighted average exercise price of $1.47 for total proceeds of $801,908. As a result, the Company transferred $561,349 representing the carrying value of the exercised options from reserves to share capital.

Stock options

The Company has established an omnibus incentive plan (the "Incentive Plan") for directors, employees, and consultants, which provides for the grant of incentive stock options. Under the Incentive Plan, the exercise price of each option is determined by the Board, based upon the market price and subject to the policies of the Exchange. The aggregate number of shares issuable pursuant to options, and other securities granted under the Incentive Plan is limited to 10% of the Company's issued shares at the time of grant. The aggregate number of options granted to any one optionee in a 12-month period is limited to 5% of the issued shares of the Company.

A summary of changes of stock options outstanding is as follows:

	Options	Weighted average exercise price
		$
Balance, February 28, 2023	11,979,216	2.47
Granted	75,000	2.73
Exercised	(540,600)	1.47
Forfeited	(465,000)	3.74
Expired	(159,850)	3.37
Balance, February 29, 2024	10,888,766	2.46
Exercised	(200,000)	0.25
Forfeited	(627,033)	2.49
Expired	(166,750)	2.24
Balance, February 28, 2025	**9,894,983**	**2.50**

11. SHARE CAPITAL (continued)

As at February 28, 2025, the following options were outstanding and exercisable:

Number of options outstanding	Number of options exercisable	Exercise price $	Remaining life (years)	Expiry date
1,509,167	1,509,167	1.28	0.55	17-Sep-25
51,515	51,515	1.03	0.78	09-Dec-25
5,648,501	5,648,501	2.17	1.28	10-Jun-26
1,123,000	1,123,000	3.63	1.97	16-Feb-27
250,000	250,000	1.91	2.35	04-Jul-27
150,000	150,000	2.14	2.60	04-Oct-27
1,162,800	1,162,800	4.85	2.93	02-Feb-28
9,894,983	**9,894,983**	**2.50**	**1.48**	

During the year ended February 28, 2025, the Company recorded share-based compensation expense of $12,676 in relation to the vesting and share-based compensation reversal of $43,559 in relation to the forfeiture of stock options (February 29, 2024 – expense of $2,862,913).

During the year ended February 28, 2025, there were no stock options granted (February 29, 2024 – 75,000) and the weighted average fair value of stock options granted was $nil per stock option (February 29, 2024 - $2.09).

The assumptions used in the Black-Scholes option pricing model for stock options granted were as follows:

	February 28, 2025	February 29, 2024
Exercise price	**N/A**	$2.73
Expected volatility	**N/A**	101.12%
Risk-free interest rate	**N/A**	3.76%
Forfeiture rate	**N/A**	4.05%
Time to expiration	**N/A**	5 years
Dividend yield	**N/A**	Nil

11. SHARE CAPITAL (continued)

Restricted share units

The Incentive Plan also provides for the grant of RSUs to directors, officers and employees. Upon vesting, at the Company's discretion, the holder of an RSU award can receive one common share or the equivalent cash payment based on the market price of the common share on settlement date. The aggregate number of RSUs granted under the Incentive Plan, as well as any other securities granted under the Incentive Plan, is limited to 10% of the Company's issued shares at the time of grant. The aggregate number of RSUs granted to any one recipient in a 12-month period is limited to 5% of the issued shares of the Company. As of February 28, 2025, all RSUs granted were equity settled and vested over a 2-year period.

There was no RSUs granted during the year ended February 28, 2025 (fair value of RSU granted during the year ended February 29, 2024 – $2.73 per RSU).

During the year ended February 28, 2025, the Company recorded share-based compensation of $5,005,386 (February 29, 2024 – $11,085,433) in relation to the RSUs.

RSU transactions are summarized as follows:

	Number of RSUs
Balance, February 28, 2023	5,695,000
Granted	75,000
Vested	(2,900,000)
Forfeited	(40,000)
Balance, February 29, 2024	2,830,000
Vested	(2,680,330)
Forfeited	(149,670)
Balance, February 28, 2025	**-**

Performance share units

The Incentive Plan also provides for the grant of performance share units ("PSUs") to directors, officers and employees. Upon vesting, at the Company's discretion, the holder of a PSU award can receive one common share or the equivalent cash payment based on the market price of the common share on settlement date. The aggregate number of PSUs granted under the Incentive Plan, as well as any other securities granted under the Incentive Plan, is limited to 10% of the Company's issued shares at the time of grant. The aggregate number of PSUs granted to any one recipient in a 12-month period is limited to 5% of the issued shares of the Company. As of February 28, 2025, all granted PSUs are equity settled.

In February 2023, the Company issued 2,000,000 PSUs to various directors, officers, employees, and consultants of the Company. These 2,000,000 PSUs will vest upon a change of control or disposition of a controlling interest in one of the Company's core assets. These PSUs were granted with a fair value of $9,440,000 which is being recorded over an estimated life of 5 years.

During the year ended February 28, 2025, the Company recorded share-based compensation of $1,888,000 (February 29, 2024 – $2,045,333) in relation to the PSUs.

11. SHARE CAPITAL (continued)

PSU transactions are summarized as follows:

	Number of PSUs
Balance, February 28, 2023	2,000,000
Granted	-
Balance, February 29, 2024 and February 28, 2025	**2,000,000**

Warrants

A summary of changes of warrants outstanding is as follows:

	Warrants	Weighted average exercise price
		$
Balance, February 28, 2023	25,909,296	3.18
Issued	10,150	3.00
Exercised	(26,307)	1.75
Expired	(5,791,893)	4.00
Balance, February 29, 2024	20,101,246	2.95
Exercised	(3,614)	3.00
Expired	(20,097,632)	2.95
Balance, February 28, 2025	**-**	**-**

12. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

	Year ended February 28 2025	Year ended February 29 2024
	$	$
Management and directors fees	**1,687,002**	2,067,000
Share-based compensation	**4,453,349**	10,818,516
	6,140,351	12,885,516

Included in accounts payable at February 28, 2025 is $56,146 (February 29, 2024 – $24,725) for management fees and expenses due to companies controlled by key management personnel.

Transactions with Surge, which is deemed to be a related party, have been disclosed in note 6.

These transactions were in the normal course of operations.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long-term. The Company does not have any externally imposed capital requirements to which it is subject. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. The Company includes the components of shareholders' equity in its management of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares to raise cash and obtain bridging loans from related parties. The Company's investment policy is to invest its cash in low-risk investment instruments in financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

There were no changes in the Company's management of capital during the year ended February 28, 2025.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, short-term investment, amounts receivable, deposits, reclamation deposits, accounts payable and accrued liabilities and lease liabilities. As at February 28, 2025, the Company classifies its short-term investment as FVTPL and its remaining financial instruments at amortized cost. For financial instruments at amortized cost, their carrying values approximate their fair values because of their current nature. The carrying value of the Company's lease liability is measured at the present value of the discounted future cash flows.

The Company classifies financial instruments carried at fair value according to the following hierarchy based on the amount of observable inputs used to value the financial instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data. The Company's Surge Warrants (short-term investment) are classified under Level 3.

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents, GICs and amounts receivable. The cash and cash equivalents and GICs are held at Canadian financial institutions and the Company considers the credit risk to be minimal. The Company's amounts receivable balance primarily consists of goods and sales taxes receivables from the Government of Canada.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company's maximum exposure to credit risk is as follows:

	February 28 2025	February 29 2024
	$	$
Cash and cash equivalents	**1,110,022**	11,889,416
Amounts receivable	**27,744**	616,042
	1,137,766	12,505,458

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they come due. The Company's current financial liabilities are comprised of accounts payable and accrued liabilities and current lease liabilities. The Company's accounts payable and accrued liabilities arose as a result of exploration activities and other corporate expenses. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and its current cash flow position to meet its obligations. The Company manages its liquidity risk by endeavouring to maintain sufficient cash and cash equivalents balances to meet its anticipated operational needs.

The following table summarizes the Company's current financial liabilities:

	February 28 2025	February 29 2024
	$	$
Accounts payable and accrued liabilities	**3,930,458**	2,174,324
Current lease liabilities (note 9)	**44,467**	39,013
	3,974,925	2,213,337

Foreign Exchange Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, GICs, amounts receivable, reclamation deposits, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at February 28, 2025, the Company had foreign currency net assets of $401,672 in United States dollars, net liabilities of $164,760 in Australian dollars and net liabilities of 7,456,637 Peruvian soles, amounting to net liabilities of $2,492,233. A 10% fluctuation in the foreign exchange rate of foreign currencies against the Canadian dollar would result in a foreign exchange gain/loss of approximately $249,223.

Interest Rate Risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash and cash equivalents balances and term deposits with interest based on the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Price Risk

Price risk is the risk that assets or liabilities carried at fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions.

The Company's maximum exposure to price risk on its short-term investment is as follows:

	February 28 2025	February 29 2024
	$	$
Level 3	**1,039,840**	4,451,480

During the year ended February 28, 2025, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

15. SEGMENTED INFORMATION

The Company has one reportable segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information on the Company's non-current assets is as follows:

February 28, 2025	**Canada**	**USA**	**Peru**	**Total**
	$	**$**	**$**	**$**
Exploration and evaluation assets	-	34,833,511	116,025,928	150,859,439
Investment in Surge	811,037	-	-	811,037
Other non-current assets	80,683	776,034	960,572	1,817,289
Total non-current assets	**891,720**	**35,609,545**	**116,986,500**	**153,487,765**

February 29, 2024	**Canada**	**USA**	**Peru**	**Total**
	$	**$**	**$**	**$**
Exploration and evaluation assets	-	35,035,156	115,424,265	150,459,421
Investment in Surge	1,828,201	-	-	1,828,201
Other non-current assets	133,804	783,359	950,949	1,868,112
Total non-current assets	**1,962,005**	**35,818,515**	**116,375,214**	**154,155,734**

16. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	Year ended February 28 2025	Year ended February 29 2024
Supplemental cash-flow disclosure:	**$**	$
Interest received	**478,296**	1,137,327
Supplemental non-cash disclosure:		
Reclassification of restricted share units vested	**11,640,158**	10,469,000
Reclassification of stock options exercised	**51,220**	561,349
Reclassification of warrants exercised	**4,821**	33,706

17. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	Year ended February 28 2025	Year ended February 29 2024
	$	$
Combined Statutory tax rate	**27%**	27%
Expected tax recovery	**(6,750,000)**	(10,774,000)
Impact of different statutory tax rates on earnings of subsidiaries	**(77,000)**	109,000
Permanent difference and other	**2,536,000**	5,251,000
Change in deferred tax asset not recognized	**4,291,000**	5,414,000
Net deferred tax recovery	**-**	-
Current income tax	**-**	-
Deferred tax recovery	**-**	-

The significant components of the Company's recognized deferred tax assets and liabilities are as follows:

	2025	2024
Deferred tax assets (liabilities)	**$**	$
Property and equipment	**(27,000)**	(33,000)
Non-capital losses	**33,000**	68,000
ROU asset	**(17,000)**	(27,000)
ROU liability	**17,000**	27,000
Short-tem investment	**-**	(291,000)
Deferred gain on short-term investment	**(6,000)**	256,000
Net deferred tax assets	**-**	-

17. INCOME TAXES (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2025	Range	2024	Range
Temporary Differences	**$**		**$**	
Share issue costs	720,000	2046	1,552,000	2045 to 2046
Property and equipment	937,000	No expiry date	702,000	No expiry date
Non-capital losses available for future period	83,859,000	See below	73,536,000	See below
Exploration and evaluation assets	50,458,000	No expiry date	38,254,000	No expiry date
Share based compensation	-	No expiry date	1,539,000	No expiry date
ROU liability	15,000	No expiry date	16,000	No expiry date
Warrants Surge	2,310,000	No expiry date	-	No expiry date
Investment Surge	2,252,000	No expiry date	1,234,000	No expiry date
Accrued interest	108,000	No expiry date	174,000	No expiry date
Non-capital losses by country				
Canada	57,946,000	2026 to 2045	50,582,000	2026 to 2044
United States	25,913,000	2037 to indefinite	22,954,000	2037 to indefinite
Peru	-	-	-	-

Tax attributes are subject to review, and potential adjustments by tax authorities.

18. SUBSEQUENT EVENT

On April 14, 2025, Surge announced that it had closed a private placement financing offering of 10,351,667 units, and the Company did not partake in this offering.

On April 16, 2025, Surge appointed a new director, expanding its Board of Directors from five to six members. The Company's right to appoint one director to Surge's board, following this appointment, remains unchanged. This expansion reduced the Company's voting interest at Surge's Board of Directors to below 20%.

As of April 16, 2025, the Company held 7.21% of Surge's outstanding shares and a Board of Directors voting interest of 16.7%. The Company determined that it no longer held significant influence over Surge and discontinued the recognition of its investment in Surge as an investment in associate under the equity method. The Company's retained interest in Surge was reclassified to marketable securities on April 16, 2025, and will be measured at FVTPL and revalued at each reporting date.