

**CEYLON GRAPHITE CORP.**  
**Consolidated Financial Statements**  
**For the Year Ended**  
**March 31, 2024 and 2023**  
**(Expressed in Canadian dollars)**

## Independent Auditor's Report

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To the Shareholders of Ceylon Graphite Corp.:

### Opinion

We have audited the consolidated financial statements of Ceylon Graphite Corp. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of loss and other comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year 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 is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended March 31, 2024 and, as of that date, the Company had a deficit balance and a working capital deficiency. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 matters described below to be the key audit matters to be communicated in our report.

### *Valuation of Derivative Liability*

#### *Key Audit Matter Description*

As described in Note 6 to the consolidated financial statements, the Company has recognized a derivative liability related to certain consideration to be paid by the Company.

We considered the valuation of the derivative liability a key audit matter due to the significant judgement applied by management in determining the appropriate valuation model for the derivative share consideration and the use of significant estimates by management in valuing the derivative under the model at year end.

## *Audit Response*

Our approach to addressing the matter included, but was not restricted to, the following procedures:

- Obtained an understanding of the valuation methodology and evaluated the appropriateness of the Monte Carlo simulation applied by management through the use of valuation experts;
- Assessed the reasonability of the inputs used, including the share price volatility, discount rate, and expected share issuance dates; and
- We reviewed the presentation and adequacy of the related consolidated financial statements disclosures.

## **Other Matter**

The consolidated financial statements for the year ended March 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 14, 2023.

## **Other Information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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.

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 period 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 Brock Stroud.

Toronto, Ontario  
June 25, 2025

  
Chartered Professional Accountants  
Licensed Public Accountants

**CEYLON GRAPHITE CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>		
Current		
Cash	\$ 150,310	\$ 207,936
Amounts receivable	68,717	92,966
Prepaid expenses and advances	34,208	119,832
	253,235	420,734
Property and equipment (Note 5)	335,323	328,014
Exploration and evaluation assets (Note 6)	4,269,914	3,913,305
Right-of-use asset (Note 4)	14,000	110,761
	\$ 4,872,472	\$ 4,772,814
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 1,621,463	\$ 413,839
Amounts payable (Notes 6 & 9)	-	875,836
Derivative liability (Notes 6 & 9)	673,435	788,310
Current portion of loans payable (Note 10)	6,041	41,541
Current portion of capital lease obligations (Note 4)	22,776	23,375
Convertible debentures (Note 7)	2,388,727	1,992,976
	4,712,442	4,135,877
Capital lease obligations (Note 4)	19,935	113,782
Loans payable (Note 10)	40,394	-
	4,772,771	4,249,659
<b>EQUITY</b>		
Share capital (Note 8)	16,009,750	15,340,737
Share subscriptions received in advance	50,000	50,000
Equity component of convertible debentures (Note 7)	406,118	394,711
Contributed surplus	6,219,550	6,031,014
Deficit	(21,986,361)	(20,532,907)
Accumulated other comprehensive loss	(599,356)	(760,400)
	99,701	523,155
	\$ 4,872,472	\$ 4,772,814

CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (Note 1)  
COMMMITMENTS AND CONTINGENCIES (Note 4)  
SUBSEQUENT EVENT (Note 15)  
Approved by the Board of Directors on June 25, 2025

*"Sasha Jacob"*

Sasha Jacob, Director

*"Kevin Aylward"*

Kevin Aylward, Director

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

**CEYLON GRAPHITE CORP.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**  
(Expressed in Canadian Dollars)

	<b>2024</b>	<b>2023</b>
<b>Expenses</b>		
Advertising and promotion	\$ 26,266	\$ 277,382
Amortization (Note 4 and 5)	45,531	49,998
Consulting (Note 9)	300,964	439,288
Director fees (Note 9)	36,000	36,000
Interest, finance, accretion and bank charges	300,042	358,280
License fees	81,528	-
Office and administrative	229,582	263,875
Professional fees (Note 9)	566,196	660,410
Rent	-	24,099
Share-based payments (Notes 8 & 9)	69,569	238,842
Transfer agents and filings	78,009	73,946
Travel	21,320	81,628
Wages and benefits	82,290	74,214
<b>Loss before other items</b>	<b>(1,837,297)</b>	<b>(2,577,962)</b>
<b>Other items</b>		
Changes in fair value of derivative liability (Note 6)	361,749	(7,259)
Foreign exchange gain (loss)	18,843	(2,171)
Gain on amendment of convertible debt (Note 7)	6,984	-
Gain on settlement of debt (Note 8)	13,909	-
Loss on settlement of liability (Note 6)	-	(821,493)
Other expenses	(17,642)	(15,521)
	<b>383,843</b>	<b>(846,444)</b>
<b>Net loss</b>	<b>(1,453,454)</b>	<b>(3,424,406)</b>
<b>Other comprehensive gain (loss)</b>		
Item that may be reclassified subsequently to gain (loss):		
Unrealized foreign exchange translation	161,044	(28,498)
<b>Net loss and Comprehensive loss</b>	<b>\$ (1,292,410)</b>	<b>\$ (3,452,904)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>164,202,973</b>	<b>152,272,509</b>

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

**CEYLON GRAPHITE CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**  
(Expressed in Canadian Dollars)

	2024	2023
Net loss	\$ (1,453,454)	\$ (3,424,406)
Items not involving cash:		
Accretion and interest for convertible debentures	277,804	346,447
Amortization	45,531	49,998
Foreign exchange	18,843	2,171
Loss (gain) on amendment of convertible debt	(6,984)	7,259
Loss (gain) on settlement of debt	(13,909)	821,493
Changes in fair value of derivative liability	(361,749)	-
Share-based payments	69,569	238,842
	(1,424,349)	(1,958,196)
Changes in non-cash working capital balances:		
Accounts payable and accrued liabilities	1,281,292	(137,650)
Amounts payable	-	(414,052)
Amounts receivable	24,249	(70,351)
Prepaid and deposit	85,624	210,533
Cash used in operating activities	(33,184)	(2,369,716)
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(11,393)	(223,620)
Expenditures on exploration and evaluation assets	(213,163)	(274,312)
Payment of consideration under Sarcon agreement	(20,467)	-
Cash used in investing activities	(245,023)	(497,932)
<b>FINANCING ACTIVITIES</b>		
Advances from related parties	4,499	-
Convertible debentures	238,975	-
Private placement, net	-	3,195,318
Payments on capital lease obligations	(7,012)	(25,286)
Option exercised	-	80,000
Repayment of convertible debentures	-	(160,623)
Cash provided by financing activities	236,462	3,089,409
<b>CHANGE IN CASH DURING THE YEAR</b>	(41,745)	221,761
<b>CASH, BEGINNING OF YEAR</b>	207,936	68,353
<b>EFFECT OF TRANSLATING FOREIGN CURRENCY</b>	(15,881)	(82,178)
<b>CASH, END OF YEAR</b>	\$ 150,310	\$ 207,936
<b>SUPPLEMENTAL CASH DISCLOSURES</b>		
Interest and income taxes paid	\$ -	\$ 160,623
<b>NON-CASH TRANSACTION</b>		
Settlement of share consideration (Note 6)	608,495	321,891
Convertible debentures issued to settle debt (Note 7)	65,000	-
Value of replacement warrants (Note 8)	95,682	-

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

**CEYLON GRAPHITE CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2024 AND 2023**  
(Expressed in Canadian Dollars)

	Common Shares		Share subscriptions	Equity portion of convertible debentures	Contributed surplus	Deficit	Accumulated other comprehensive loss	Total
	Number	Amount						
Balances as at March 31, 2022	132,446,475	\$ 12,308,524	\$ 50,000	\$ 394,711	\$ 5,227,176	\$ (17,108,501)	\$ (731,902)	\$ 140,008
Issuance of common shares for cash	21,875,000	3,062,500	-	-	437,500	-	-	3,500,000
Share issuance costs	-	(463,103)	-	-	158,421	-	-	(304,682)
Stock options exercised	500,000	110,925	-	-	(30,925)	-	-	80,000
Issuance for settlement of amount payable	4,291,875	321,891	-	-	-	-	-	321,891
Share-based payments	-	-	-	-	238,842	-	-	238,842
Net loss and comprehensive loss	-	-	-	-	-	(3,424,406)	(28,498)	(3,452,904)
Balances as at March 31, 2023	159,113,350	15,340,737	50,000	394,711	6,031,014	(20,532,907)	(760,400)	523,155
Issuance for settlement of amount payable	13,513,500	608,495	-	-	-	-	-	608,495
Convertible debenture	-	-	-	11,407	23,285	-	-	34,692
Share issued for debenture finder's fee	455,000	23,427	-	-	-	-	-	23,427
Share issued for debt	927,273	37,091	-	-	-	-	-	37,091
Share-based payments	-	-	-	-	69,569	-	-	69,569
Warrant issued for convertible debenture amendment	-	-	-	-	95,682	-	-	95,682
Net loss and comprehensive loss	-	-	-	-	-	(1,453,454)	161,044	(1,292,410)
Balances as at March 31, 2024	174,009,123	\$ 16,009,750	\$ 50,000	\$ 406,118	\$ 6,219,550	\$ (21,986,361)	\$ (599,356)	\$ 99,701

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

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**CEYLON GRAPHITE CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**  
(Expressed in Canadian Dollars)

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**1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS**

Ceylon Graphite Corp. (the “Company or Ceylon”) was incorporated on April 3, 1986 under the Canada Business Corporations Act. On December 30, 2016 the Company acquired Plumbago Refining Corp. B.V. (“Plumbago”) through a reverse acquisition transaction. Plumbago was a private limited liability company organized under the laws of Curacao.

The address of the Company’s corporate office is 1100-1111 Melville Street Vancouver, BC V6E 3V6, Canada and its principal place of business is Landhuis Joonchi, Kaya Richard J. Beaujon z/n Willemstad, Curacao.

On July 13, 2019, the Company incorporated a subsidiary BPA Lanka (Private) Limited (“BPA”) in Sri Lanka and retained 49% interest. As at March 31, 2023, the shareholder of the remaining 51% interest has relinquished their interest in favor of Plumbago and management is in the process of reassigning the 51% interest. As Plumbago is the sole decision maker in the operations of BPA, for accounting purposes, Plumbago has control over BPA and thus the operating results of BPA have been consolidated.

On July 19, 2021, the Company incorporated a subsidiary Ceylon Graphite Technologies Ltd. (“CGT”), in the United Kingdom. This subsidiary is inactive as of the date of these consolidated financial statements.

During the year ended March 31, 2024, the Company incurred a net loss of \$1,453,454 (2023 - \$3,424,406) and as at March 31, 2024 had a deficit of \$21,986,361 (2023 - \$20,532,907) which has been funded by the issuance of equity and a working capital deficiency of \$4,459,207 (2023 - \$3,715,143). The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating sufficient revenues to cover its operating costs. The Company has not yet determined whether its property contains graphite reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, 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 of the resource property. The outcome of these matters cannot be predicted at this time and form a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern.

The Company has been able to fund operations and mineral property exploration through equity financings. The continued uncertainty in the financial equity markets may make it difficult to raise capital through the private placement of shares. The junior mining industry is considered speculative in nature which could make it more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with its financing ventures.

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 therefore 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.

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**CEYLON GRAPHITE CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**  
(Expressed in Canadian Dollars)

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## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of compliance**

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and Interpretation of the International Financial Reporting Interpretations Committee (“IFRIC”). These consolidated financial statements were approved and authorized for issue by the Board of Directors on June 25, 2025

### **Basis of presentation**

These consolidated financial statements include the assets and operations of the Company and entities it controls through 100% share ownership, Plumbago, Sarcon Development (PVT) Limited (“Sarcon”), C Y L Lanka (Private) Limited (“Lanka”), JADS Enterprise (Private) Limited (“JADS”), Mine Street (Private) Limited (“Mine Street”), BPA and CGT.

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

### **Cash and cash equivalents**

Cash in the consolidated statements of financial position is comprised of cash in banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of March 31, 2024, and 2023, the Company held cash only.

### **Exploration and evaluation assets**

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. Once management has determined that, based on a feasibility study, a property is capable of economical commercial production as a result of having established proven and probable reserves, capitalized costs of the related property are reclassified as mining assets and are depleted on a units-of-production basis over the life of the mine. When a property is abandoned, all related costs are written off in the consolidated statements of loss and comprehensive loss.

A mineral property is reviewed for indications of impairment at each financial statement date or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If, after management review, it is determined that the indications of impairment exist, a recoverable amount is estimated. The mineral property is then written down to the lower of its carrying amount and its estimated recoverable amount.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permitting to complete the development and future profitable production or proceeds from the disposition thereof.

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**CEYLON GRAPHITE CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**  
(Expressed in Canadian Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Foreign currency**

The Company's consolidated financial statements are presented in Canadian dollars. The Company's functional currency is the Canadian dollar, Plumbago's functional currency is the US dollar and the functional currency for Sarcon, Lanka, JADS, Mine Street and BPA is the Sri Lankan Rupee.

Transactions and balances in currencies other than an entity's functional currency ("foreign currencies") are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing on the consolidated statement of financial position date are recognized in the consolidated statement of comprehensive loss.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

For the purpose of presenting consolidated financial statements, the assets and liabilities held in entities with foreign functional currencies are translated to the Canadian dollar using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rate for the period, unless the exchange rate fluctuated significantly during the period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising are recognized as a separate component of equity and as an unrealized foreign exchange translation gain or loss in the consolidated statements of loss and comprehensive loss.

**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 consolidated 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.

At each financial position reporting date presented, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

**Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**Income taxes**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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**CEYLON GRAPHITE CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**  
(Expressed in Canadian Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income taxes (continued)**

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: initial recognition of assets or liabilities in a transaction that is not a business combination, that affects neither accounting nor taxable profit or loss, and that at the time of the transaction does not give rise to equal taxable and deductible temporary differences. Deferred tax is not recognized for temporary differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**Property and equipment**

Property and equipment is recorded at cost less accumulated amortization, less any accumulated impairment losses. Amortization is taken on a straight line basis at the following rates:

Machinery	8 years
Furniture and fixtures	5 years
Tools and equipment	5-10 years
Motor vehicles	5 years
Building	15 years

**Financial instruments**

Financial instruments are accounted for in accordance with IFRS 9 “Financial Instruments: Classification and Measurement”. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another equity.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial 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 the Company has opted to measure them at FVTPL.

Measurement

Financial assets at FVTOCI - Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss. The Company has no financial assets designated as FVTOCI.

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**CEYLON GRAPHITE CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**  
(Expressed in Canadian Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

Financial assets and liabilities at amortized cost - 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. The Company's financial assets and liabilities at amortized cost include accounts payable and accrued liabilities, amounts payable, loans payable and convertible debentures.

Financial assets and liabilities at FVTPL - Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss. The Company has classified cash and derivative liability as FVTPL.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset at an amount equal to the 12 months expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

*Financial assets*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company may enter into transactions whereby it transfers assets recognized in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

*Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the shares on the date of issuance is used.

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. When shares and warrants are issued at the same time, the proceeds are allocated first to the shares issued, according to their fair value on the issuance date, and the residual value being allocated to the warrants. The Company does not measure the impact of modification to the terms of warrants previously issued as part of financing arrangements. Any fair value attributed to the warrants is recorded as reserves.

**Share-based payment transactions**

The fair value of options is measured on the grant date and is recognized as an expense with a corresponding increase in reserves as the options vest. Options granted to employees and others providing similar services are measured on the grant date at fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received. On vesting, share-based payments are recorded as an operating expense and as reserves. When options are exercised, the consideration received is recorded as share capital. The related share-based payments originally recorded as reserves are transferred to share capital on exercise.

**Compound financial instruments**

The Company recognizes and classifies separately the component parts of a financial instrument as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement. Where both liability and equity components exist, the initial carrying amount of the financial instrument shall be allocated to its liability and equity components. The equity component shall be assigned the residual value after deducting from the fair value of the instrument as a whole, the fair value of the liability components.

The equity instrument is not remeasured subsequent to initial recognition. The transaction costs are distributed between components on a pro-rata basis according to their carrying amounts.

**Recent and future accounting standards**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after April 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company has adopted the following policy effective April 1, 2023.

IAS 12, Income taxes

Deferred tax related to assets and liabilities arising from a single transaction, narrowing the scope for exemption when recognizing deferred taxes (January 1, 2023). Pursuant to the IAS 12 amendments effective January 1, 2023, a deferred tax liability is recognized for the exploration and evaluation asset and a deferred tax asset is recognize for the restoration liability in the financial statements.

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recent and future accounting standards (continued)**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after April 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1, Presentation of Financial Statements

IAS 1 was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning January 1, 2023. Earlier adoption is permitted.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Critical accounting estimates

i) Convertible debentures

Convertible debentures are separated into their liability and equity components on the consolidated statement of financial position. The liability component is initially recognized at fair value, calculated as the net present value of the liability, using estimated interest rates based upon non-convertible debt issued by comparable issuers, and accounted for at amortized cost using the effective interest method.

ii) Share-based payments

The Company uses the fair-value method of accounting for share-based payments (related to incentive stock options and compensation warrants granted, modified or settled). Under this method compensation costs attributable to option awards granted are measured at fair value at the issue or grant date and are expensed over the vesting period. In determining the fair value for share-based payments, the Company uses option pricing models and makes estimates of the expected volatility of the stock, the expected life and risk-free rate. The expected volatility is based on historical volatility of the Company's stock over a period commensurate with the expected life of the option. Changes to these estimates could result in the fair value of share-based payments being less than or greater than the amount recorded.

iii) Derivative liabilities

In determining the fair value of derivative liabilities, the Company uses a Monte Carlo Simulation and makes estimates of the expected volatility of the stock, the expected life and risk-free rate. The expected volatility is based on historical volatility of the Company's stock over a period commensurate with the expected life of the derivative. Changes to these estimates could result in the fair value of derivative liabilities being less than or greater than the amount recorded.

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**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**

Critical accounting judgments

i. Financial instruments

The determination of the classification of financial assets and financial liabilities involves judgments or assessments made by management.

ii. Deferred income taxes

Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the probable timing and level of future taxable income realized, including the usage of tax planning strategies.

iii. Exploration and evaluation assets

The Company is required to review the carrying value of its exploration and evaluation properties at each reporting date for potential impairment. Impairment is indicated if the carrying value of the Company's exploration and evaluation assets is not recoverable. If impairment is indicated, the amount by which the carrying value of exploration and evaluation assets exceeds their estimated fair value is charged to the consolidated statements of comprehensive loss.

Evaluating for recoverability during the exploration and evaluation phase requires judgment in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's financial ability to continue exploration and evaluation activities, contractual issues with joint venture partners, the impact of government legislation and political stability in the region, and the impact of current and expected future metal prices on potential reserves.

iv. Technical feasibility and commercial viability

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors. By its nature, this assessment requires significant judgment. As at March 31, 2024, management determined that the technical feasibility and commercial viability has not yet been established for its mineral properties and as such they are considered to be at the exploration and evaluation stage.

v. Mineral property title

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims and licenses. Although the Company has taken steps to verify title and licenses to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. To the best of the Company's knowledge, title and licenses related to all of its properties are in good standing.

vi. Modification of debt instruments

Management judgment is required to determine if a change in the terms and conditions of a debt instrument is a modification or extinguishment of debt.

vii. Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern. Factors considered by management are disclosed in Note 1.

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**4. COMMITMENTS AND CONTINGENCIES**

- a) From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.
- b) In March 2018, Plumbago acquired a 40% interest in Lanka by paying 2,849,925 Rupees. Subsequent to the acquisition of Lanka, Lanka entered into an acquisition agreement with the sole shareholder (“transferor”) of JADS whereby Lanka acquired all issued and outstanding shares of JADS by paying 2,296,536 Rupees. Pursuant to the terms and conditions of the acquisition agreement, the transferor is entitled to 5% of net profits, which will be paid out in the form of the shares of Lanka or its nominee, for the first 5 years and 3% for the next 5 years. To date, no profit has been earned and as a result no shares have been issued.
- c) In January 2022, the Company entered into a lease agreement for an office and research facility in the United Kingdom expiring on January 09, 2027. Annual lease payments amount to GBP 23,100.

In connection with this lease, the Company recognized a right-of-use asset and lease liability on April 1, 2022 of GBP 74,220. During the year ended March 31, 2023, the Company recorded amortization expense of \$24,913 (GBP 15,625) and accretion expense of \$19,353 (GBP 12,138). As at March 31, 2023, the remaining balance of the right-of-use asset is \$98,005 (GBP 58,595) and the remaining lease liability is \$105,805 (GBP 62,253).

During the year ended March 31, 2024, the Company and lessor mutually agreed to cancel the lease agreement. The Company recorded amortization expense of \$11,938 and accretion expense of \$9,556. As at March 31, 2024, the remaining balance of the right-of-use asset is \$Nil and the remaining lease liability is \$Nil and any remaining payments due to the previous lessor from the original lease agreement are included in accounts payable and accrued liabilities.

- d) The right-of-use asset balance as of March 31, 2024 of \$14,000 (2023 - \$12,756) consists of two leases on privately owned land surrounding the M1 project area. The first lease is a 20-year lease that was entered on October 1, 2017 and ends on October 1, 2037. The second lease is a 10-year lease that was entered on January 1, 2021 and ends on January 1, 2031.
- e) The lease liability balance consists of the following:

	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Research Facility Lease (Note 4c)	Nil	\$105,805
Land Leases (Note 4d)	\$19,935	\$18,296
Vehicle Leases (Note 5)	\$22,776	\$13,056
<b>Total</b>	<b>\$42,711</b>	<b>\$137,157</b>

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**5. PROPERTY AND EQUIPMENT**

	<b>Machinery</b>	<b>Furniture and Fixtures</b>	<b>Tools and Equipment</b>	<b>Motor Vehicles</b>	<b>Building</b>	<b>Land</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>							
At March 31, 2022	158,112	10,782	76,696	29,042	-	53,142	327,774
Additions	12,216	-	39,027	17,849	10,318	129,386	208,796
Asset reclassified to Exploration and Evaluation asset	(40,952)	-	-	-	-	-	(40,952)
Exchange rate movements	(3,440)	15,018	(16,155)	1,023	3,714	12,588	12,748
<b>At March 31, 2023</b>	<b>125,936</b>	<b>25,800</b>	<b>99,568</b>	<b>47,914</b>	<b>14,032</b>	<b>195,116</b>	<b>508,366</b>
Additions	-	-	410	-	10,983	-	11,393
Exchange rate movements	11,271	3,356	8,948	4,288	2,274	17,461	47,598
<b>At March 31, 2024</b>	<b>137,207</b>	<b>29,156</b>	<b>108,926</b>	<b>52,202</b>	<b>27,289</b>	<b>212,577</b>	<b>567,357</b>
<b>Accumulated Amortization</b>							
At March 31, 2022	57,548	7,596	67,606	27,589	-	-	160,339
Additions	13,304	4,699	4,341	1,265	245	-	23,854
Exchange rate movements	3,539	7,094	(14,375)	(766)	667	-	(3,841)
<b>At March 31, 2023</b>	<b>74,391</b>	<b>19,389</b>	<b>57,572</b>	<b>28,088</b>	<b>912</b>	<b>-</b>	<b>180,352</b>
Additions	13,530	1,954	12,520	4,090	1,499	-	33,593
Exchange rate movements	7,478	1,845	5,858	2,743	165	-	18,089
<b>At March 31, 2024</b>	<b>95,399</b>	<b>23,188</b>	<b>75,950</b>	<b>34,921</b>	<b>2,576</b>	<b>-</b>	<b>232,034</b>
<b>Net book value</b>							
At March 31, 2024	41,808	5,968	32,976	17,281	24,713	212,577	335,323
At March 31, 2023	51,545	6,411	41,996	19,826	13,120	195,116	328,014

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**6. EXPLORATION AND EVALUATION ASSETS**

The Company has accumulated the following acquisition, exploration and evaluation costs for the year ended March 31, 2024:

	\$
<b>Balance, March 31, 2022</b>	<b>3,385,270</b>
Costs incurred during the fiscal year 2023:	
Geological and Other Consultancy Services	27,815
Labour and Operating Costs	134,752
License fees	16,163
Drilling and Exploration	18,580
Mine and Camp Costs	13,579
Site preparation expenses	59,922
Land Rent Charges	3,501
	3,659,582
Reclassification from property and equipment	40,952
	3,700,534
Effect of foreign exchange	212,771
<b>Balance, March 31, 2023</b>	<b>3,913,305</b>
Costs incurred during the fiscal year 2024:	
Geological and Other Consultancy Services	20,357
Labour and Operating Costs	145,412
Drilling and Exploration	4,038
Mine and Camp Costs	1,846
Site preparation expenses	18,658
Land Rent Charges	22,852
	4,126,468
Effect of foreign exchange	143,446
<b>Balance, March 31, 2024</b>	<b>4,269,914</b>

**Sri Lanka**

The Company's capitalized exploration and evaluation assets consist of the Company's current exploration properties located in Malsiripura and Karasnagala, Sri Lanka (namely M1 and K1, properties, respectively) where the Company is currently conducting its exploration activities.

The Company holds its M1 property under 20 and 10 year leases, expiring in 2037 and 2031 respectively. Annual lease payments are capitalized to exploration and evaluation assets. As at March 31, 2023, the Company held a Category C industrial mining license at the M1 property.

The Company's K1 property comprises of two land parcels owned by the Company and two land parcels leased from the underlying owners of the properties expiring in 2024. The land purchased is included within property and equipment on the Company's consolidated statement of financial position, and annual lease payments are capitalized to exploration and evaluation assets. As at March 31, 2023, the Company held a Category A industrial mining license at the K1 property.

During the year ended March 31, 2024, the Company's M1 and K1 mining licenses expired. The M1 license was renewed subsequent to year-end on May 1, 2024 and on March 20, 2025, the Company's M1 license expired. An application for renewal will be made post raising additional capital. An application for the renewal of the K1 mining license has been submitted to the Geological Survey and Mines Bureau and the Company is awaiting approval.

In connection with the K1 property, on September 12, 2012, the Company entered into an agreement ("Agreement") to purchase 100% of the shares outstanding of Sarcon Development (PVT) Ltd. ("Sarcon"). At

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the time of the transaction, Sarcon had 1,000,000 shares outstanding. In exchange for the shares of Sarcon, the Company agreed to pay US \$2 million. The terms and conditions of the Agreement were amended in 2013 and 2014, pursuant to which the Company had transferred to the vendor consideration totaling \$1,000,000 USD in cash and common shares of the Company. \$1,000,000 USD remained payable pursuant to the occurrence of certain milestones, which had been recorded as amounts payable on the consolidated statement of financial position as at March 31, 2022.

On February 4, 2023, the Company entered into a further agreement (the “Restated Sarcon Agreement”) with the vendor to amend the remaining consideration payable to the vendor in order to complete the Company’s commitments required for release of the final 500,000 shares of Sarcon from escrow.

The amended consideration payable consists of the following:

- a. Cash payment of \$250,000 USD (paid) within 10 business days of TSX-V approval of the Restated Agreement;
- b. Share issuance by the Company of shares equal to \$250,000 USD (shares issued on March 20, 2023) within 10 business days of TSX-V approval of the Restated Agreement (the “First Issuance”) valued pursuant to a valuation formula in the Restated Sarcon Agreement (“the Valuation Formula”).
- c. Within 14 business days of receipt of proceeds from the earlier of (a) the sale of 100 cumulative metric tonnes of graphite received by Sarcon, or (b) the six-month anniversary of the First Issuance (September 20, 2023), common shares to be issued by the Company equal to \$250,000 USD (the “Second Issuance”) valued using the Valuation Formula (6,795,500 shares issued on October 11, 2023 (Note 8)).
- d. Issuance of common shares of the Company equal to \$250,000 USD on the three-month (6,718,000 shares issued on January 16, 2024 (Note 8)), six-month (6,882,000 shares issued on April 16, 2024 (Note 15)), nine-month (6,814,000 shares issued on July 15, 2024 (Note 15)) and twelve-month anniversaries of the Second Issuance valued using the Valuation Formula.
- e. Issuance of common shares of the Company equal to \$125,000 USD on the fifteen-month anniversary of the Second Issuance valued using the Valuation Formula, with such amount to be reduced by monthly payment amounts of \$5,000 USD per month due and payable to vendor subsequent to the execution of the Restated Sarcon Agreement.

The Valuation Formula is defined in the Restated Sarcon Agreement as the greater of: (A) the five (5) day volume weighted average price of the common shares on the TSXV for the five (5) consecutive trading day period ending on the trading day immediately preceding the date of issuance of such common shares provided that the said weighted average price does not differ more than five per centum (5%) of the weighted average price of the said shares for six (6) months preceding the date of issue, and if there is a variance greater than 5%, the lower of the two averages will be used subject to adjustment in the case of consolidation or share reorganization, or (B) the “Discounted Market Price” as defined under the policies of the TSXV, which such Discounted Market Price to be not lower than C\$0.05 per common share, and, if necessary, converted to Canadian Dollars using the Bank of Canada daily exchange rate for United States Dollars into Canadian Dollars on the trading day immediately preceding the date of issuance of such common shares.

The Company also agreed that it shall use 10% of the net proceeds of any equity based financing completed by the Company to satisfy, or partially satisfy, any further payments required to be made to the vendor as noted above, and such payments shall be made in US dollars in lieu of common shares within five business days of the final approval of the TSX-V of such financing.

The modification of the consideration on February 4, 2023, was accounted for as a debt extinguishment and the recognition of a new liability. The fair value of the new liability was determined based on the net present value of the amended consideration payable.

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**6. EXPLORATION AND EVALUATION ASSETS (continued)**

The amended consideration was also determined to include a separate financial instrument meeting the definition of a derivative under IFRS 9 due to the Valuation Formula and the USD basis for the issuance, which differs from the currency of the Company's trading stock price. On initial recognition at the modification date, the embedded derivative was measured at a fair value of \$781,051 using the Black-Scholes option pricing model with the following weighted-average assumptions: Expected life of 0.97 years, volatility of 108.13%, dividend yield of 0%, and risk-free rate of 3.93%.

The extinguishment of the original liability of \$1,341,050 (\$1,000,000 USD), and the fair value of the new liability of \$1,381,492 (\$1,030,157 USD) and the derivative liability of \$781,051 resulted in a loss on extinguishment of \$821,493.

The fair value of the new liability will be accreted over the term of the amended consideration payable using the effective interest method. During the year ended March 31, 2023, the Company recognized accretion expense of \$160,610 (\$118,498 USD). As at March 31, 2023, the carrying value of the liability is \$875,836 (\$648,655 USD) which is included as amounts payable in the consolidated statement of financial position. As at March 31, 2024, the value of amounts payable is \$nil.

During the year ended March 31, 2024, the Company issued 13,513,500 common shares pursuant to the Restated Sarcon Agreement with a value of \$608,495 and reallocated \$855,369 from amounts payable to the derivative liability.

The following table summarizes the changes in derivative liability during the year ended March 31, 2024:

	Derivative Liability \$
<b>Balance, March 31, 2022</b>	-
Initial fair value of new derivative liability	781,051
Change in fair value of derivative liability	7,259
<b>Balance, March 31, 2023</b>	788,310
Settlement of share consideration	(608,495)
Re-allocation of amounts payable to derivative liability	855,369
Change in fair value of derivative liability	(361,749)
<b>Balance, March 31, 2024</b>	673,435

At March 31, 2024, the derivative liability was measured at a fair value of \$673,435 (March 31, 2023 - \$788,310) using the Monte Carlo model based on a common stock simulation model and future projections of various outcomes. The key inputs used in the Monte Carlo model were as follows: Expected life of 9.57 months, volatility of 85.00%, risk-free rate of 4.80%.

During the year ended March 31, 2024 the Company recognized a gain on change in fair value of derivative liability of \$361,749 (2023 - \$7,259 loss), which has been recorded in other income on the consolidated statement of comprehensive loss.

Upon settlement of each tranche of share consideration, the derivative liability was concluded to have a fair value equivalent to the fair value of the share consideration issued, resulting in a gain or loss on settlement of the derivative liability of \$nil during the year ended March 31, 2024.

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## **7. CONVERTIBLE DEBENTURES**

On May 23, 2018, the Company closed a non-brokered private placement offering of units, at a purchase price \$1.00 per unit for aggregate gross proceeds of \$2,000,000. Each unit is comprised of \$1.00 in principal amount of convertible debentures and two common share purchase warrants. The principal amount of the convertible debentures will be convertible at the holder's option into fully-paid common shares in the capital of the Company at any time prior to maturity in three years, at a conversion price of \$0.25 per share. Each whole warrant will be exercisable into one common share on or before maturity at an exercise price of \$0.25 per share. Interest on the debentures shall be paid upon maturity, at an annual rate of interest of 6% per annum. The Company paid \$67,500 in finders' fees related to the convertible debentures.

On February 5, 2021, the Company modified the maturity date of the convertible debentures from May 23, 2021 to November 23, 2021. In addition, the interest rate increased from 6% to 8%. In connection with the modification, the Company issued 1,000,000 warrants exercisable at \$0.22 per warrant, expiring in one year, as compensation to the debenture holders. The value of the warrants arising from the debt modification was \$273,168, which was recorded as a transaction cost and applied against the carrying value of the debt.

On November 24, 2021, the maturity date of the convertible debentures was extended to November 23, 2022 and the expiry date of the original 4,000,000 warrants issued was extended to November 23, 2022.

On November 1, 2022, the maturity date of the convertible debentures was further extended to November 23, 2023 and the expiry date of the original 4,000,000 warrants issued was further extended to November 23, 2023.

On November 23, 2023, the Company amended the conversion price of an aggregate principal amount of \$1,750,000 of the 2018 convertible debentures to \$0.15 and amended the maturity date to November 23, 2024. In addition, the Company has agreed to issue 5,833,333 warrants, valued at \$95,682 to replace the warrants originally issued. Each replacement warrant is exercisable for one common share of the Company at a price of \$0.15 until November 23, 2024. A total principal amount of \$100,000 of the convertible debentures were not extended and matured on November 23, 2023. All securities issued and issuable in connection with the Replacement Warrants are subject to a four month and one day hold period from the dated of issuance in accordance with Canadian securities laws.

The amendment of the convertible debentures on November 23, 2023, was accounted for as a non-substantial modification. The fair value of the new liability was determined based on the net present value of the revised cash flows discounted at the original effective interest rate of 7.43%. Costs or fees incurred as part of the non-substantial modification (\$115,910) are included in the liability and amortized over the remaining term, resulting in an effective interest rate for the new liability of 13.17%. The non-substantial modification resulted in a gain on modification of \$6,984 included in the statements of loss and comprehensive loss.

On October 26, 2023, the Company closed a non-brokered private placement offering of 365 debenture units, at a purchase price of \$1,000 per unit for aggregate gross proceeds of \$365,000, comprised of \$300,000 in gross cash proceeds and \$65,000 in proceeds relating to the extinguishment of existing debt. Each unit is comprised of \$1,000 in principal amount of convertible debentures and 20,000 common share purchase warrants. The principal amount of the convertible debentures will be convertible at the holder's option into total of 7,300,000 common shares in the capital of the Company at any time prior to maturity in one year, at a conversion price of \$0.05 per share. The holders were issued 7,300,000 warrants, each whole warrant will be exercisable into one common share on or before maturity at an exercise price of \$0.06 per share. The common share purchase warrants were assigned a value of \$10,563 and the conversion feature was assigned a value of \$11,407 based on a relative fair value allocation of the residual transaction price. Interest on the debentures shall be paid upon maturity, at an annual rate of interest of 9% per annum. The Company paid 455,000 finder's units, consisting of one common share (Note 8) and one warrant, with each such warrant exercisable for one common share at a price of \$0.06 per share for a period of one year from the date of issuance. The warrants included in the finder unit were assigned a value of \$nil. Additionally, the Company paid 455,000 finder's warrants, entitling the holder to acquire one unit of the corporation at an exercise price of \$0.05 at any time up to one year from the date of issuance, with each finder unit comprising one common share and one warrant, with each such warrant exercisable for one warrant share at a price of \$0.06 per warrant share for a period of one year from the date of issuance.

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**7. CONVERTIBLE DEBENTURES (continued)**

Interest on the debentures may alternatively be paid in common shares of the Company at the Company's option. An entity controlled by the Company's CEO has pledged publicly traded shares of a third party to secure the Company's obligations under the debentures. In addition, the debentures are secured against all of the present and after acquired personal property of the Company.

The fair value of the liability component was determined to be \$266,084, net of issuance costs totaling \$76,946 and discounted based on a fair market interest rate of 18%. The liability component will be accreted using an effective interest rate of 40.89%.

The following table summarizes the movement in the convertible debentures liability during the year:

<b>Balance at March 31, 2022</b>	\$ 1,987,115
Accretion and interest expense	166,484
Interest payments	(160,623)
<b>Balance at March 31, 2023</b>	1,992,976
Additions	266,084
Modification of convertible debt	(6,984)
Accretion and interest expense	252,561
Issuance cost on amendment	(115,910)
<b>Balance at March 31, 2024</b>	<b>\$ 2,388,727</b>

**8. SHARE CAPITAL**

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) As at March 31, 2024, there were 174,009,123 (2023 – 159,113,350) common shares issued and outstanding.

During the year ended March 31, 2024, the Company the following common shares:

- issued 6,795,500 common shares pursuant to the Restated Sarcon Agreement in the amount of \$250,000 USD (Note 6).
- issued 927,273 common shares valued at \$37,091 to settle \$51,000 debt to certain parties and recognized gain of \$13,909 included in other expenses in the statements of loss and comprehensive loss.
- issued 6,718,000 common shares pursuant to the Restated Sarcon Agreement in the amount of \$250,000 USD (Note 6).
- issued 455,000 common shares from the payment of finder's units pursuant to the non-brokered private placement of 365 senior secured convertible debenture units of the Company (Note 7).

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**8. SHARE CAPITAL (continued)**

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

- issued 4,291,875 common shares pursuant to the Restated Sarcon Agreement in the amount of \$250,000 USD (Note 6).
- issued 500,000 common shares pursuant to the exercise of options for total proceeds of \$80,000. Contributed surplus in the amount of \$30,925 was reversed upon exercise of these options.
- completed a brokered private placement and issued 21,875,000 units at a price of \$0.16 per unit for aggregate gross proceeds of \$3,500,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 until May 10, 2025. In connection with the private placement, a 7.5% cash finder's fee was paid together with the issuance of finder warrants equal to 7.5% of the total number of units placed, each exercisable for the purchase of one additional unit at a price of \$0.16 at any time until May 10, 2025. Total cash paid for finders' fees and other share issuance costs was \$304,682 and fair value of the agents' warrants was calculated to be \$158,421.

c) Stock options

The Company has a stock option plan under which directors, officers, employees and consultants of the Company and its subsidiary are eligible to receive stock options. The total number of shares which are at any one time reserved and set aside for issuance under the stock option plan, and under all other management options outstanding, shall not exceed 10% of the shares issued and outstanding. The maximum number of common shares reserved for issuance to any one person pursuant to stock options shall not exceed 5% of the common shares outstanding at the time of the grant, or such greater amount as may be permitted pursuant to the rules of any regulatory authority having jurisdiction. The option price of a stock option granted shall be fixed by the Board of Directors but shall not be less than the market price of the shares at the time the option is granted, or such lesser price as may be permitted by the rules of the regulatory authority having jurisdiction. Stock options may be granted for a period not exceeding five years. Unless the Board determines otherwise, a stock option shall vest immediately upon being granted.

On May 20, 2022, The Company granted 1,000,000 options to a consultant. Each option is exercisable at \$0.16 per common share and expires in 5 years. The options were vested at 25% every 3 months starting on August 20, 2022 will be fully vested on May 20, 2023. The total fair value of the options recognized was \$45,585, which was estimated using the Black-Scholes calculator and the following assumptions:

Share price	\$0.16
Risk-free interest rate	3.20%
Weighted average expected life	2.5 years
Weighted average expected volatility	108%
Weighted expected dividends	Nil
Forfeiture rate	Nil

On November 22, 2023, The Company granted 2,500,000 stock options to its directors, officers and employees. Each option is exercisable at \$0.05 per common share at any time until November 22, 2028. The options vest 50% on grant and remaining 50% will be fully vested on November 22, 2024. The total fair value of the options recognized was \$96,063, which was estimated using the Black-Scholes calculator and the following assumptions:

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**8. SHARE CAPITAL (continued)**

c) Stock options (continued)

Share price	\$0.045
Risk-free interest rate	3.76%
Weighted average expected life	5.00 years
Weighted average expected volatility	128.11%
Weighted expected dividends	Nil
Forfeiture rate	Nil

As at March 31, 2024, the Company had options outstanding enabling holders to acquire the following:

	Options Outstanding	Weighted-Average Exercise Price
<b>Outstanding, March 31, 2022</b>	<b>11,043,584</b>	\$0.16
Options granted	1,000,000	\$0.16
Options cancelled	(2,757,870)	\$0.24
Options expired	(300,000)	\$0.30
Options exercised	(500,000)	\$0.16
<b>Outstanding, March 31, 2023</b>	<b>8,485,714</b>	<b>\$0.22</b>
Options granted	2,500,000	\$0.05
<b>Outstanding, March 31, 2024</b>	<b>10,985,714</b>	<b>\$0.18</b>

Details of stock options outstanding and exercisable at March 31, 2024 are as follows:

Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
50,000*	50,000	\$0.20	0.12	15-May-24
2,750,000	2,750,000	\$0.22	1.64	19-Nov-25
1,000,000	1,000,000	\$0.36	1.81	20-Jan-26
100,000	100,000	\$0.22	1.92	1-Mar-26
85,714	85,714	\$0.14	2.42	2-Sep-26
4,000,000	4,000,000	\$0.20	2.82	26-Jan-27
500,000	500,000	\$0.16	3.14	20-May-27
2,500,000	1,250,000	\$0.05	4.65	22-Nov-28
<b>10,985,714</b>	<b>9,735,714</b>	<b>\$0.18</b>	<b>2.84</b>	

\*Expired subsequent to March 31, 2024

During the year ended March 31, 2024, the Company recorded \$69,569 of share-based payments related to options granted and vested (2023 - \$238,842).

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**8. SHARE CAPITAL (continued)**

d) Warrants

On November 23, 2023, 5,833,333 replacement warrants were issued pursuant to convertible debenture amendment (Note 7). The fair value of the 5,833,333 replacement warrants was determined to be \$95,682, using the Black-Scholes option pricing model with the following assumptions:

Share price	\$0.05
Risk-free interest rate	4.41%
Weighted average expected life	1.01 years
Weighted average expected volatility	154.41%
Weighted expected dividends	Nil
Forfeiture rate	Nil

On October 26, 2023, 455,000 warrants were issued as finder's warrants in connection with the convertible debenture financing (Note 7). The fair value of the 455,000 finder's warrants was determined to be \$12,722, using the Black-Scholes option pricing model with the following assumptions:

Share price	\$0.05
Risk-free interest rate	4.68%
Weighted average expected life	1 year
Weighted average expected volatility	150.72%
Weighted expected dividends	Nil
Forfeiture rate	Nil

During the year ended March 31, 2023, 23,515,625 warrants were issued, of which 21,875,000 warrants were issued in connection with the private placement (Note 8(b)), and 1,640,625 warrants were issued as finders' fees in the private placement. The fair value of the 1,640,625 finders' warrants was determined to be \$158,421, using the Black-Scholes option pricing model with the following assumptions:

Share price	\$0.14
Risk-free interest rate	1.35%
Weighted average expected life	3 years
Weighted average expected volatility	121%
Weighted expected dividends	Nil
Forfeiture rate	Nil

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**8. SHARE CAPITAL (continued)**

d) Warrants (continued)

A summary of the status of the Company's outstanding and exercisable warrants as at March 31, 2024 and the changes during the period then ended are as follows:

	Warrants Outstanding	Weighted Average Exercise Price
<b>Balance, March 31, 2022</b>	67,393,566	\$0.16
Private placement	21,875,000	\$0.25
Finders' warrants	1,640,625	\$0.16
Expired	(9,165,000)	\$0.15
<b>Balance, March 31, 2023</b>	81,744,191	\$0.18
Private placement (Note 7)	7,300,000	\$0.06
Finders' warrants	455,000	\$0.05
Finders' unit warrants (Note 7)	455,000	\$0.06
Replacement warrants	5,833,333	\$0.15
Expired	(7,300,000)	\$0.20
<b>Balance, March 31, 2024</b>	88,487,524	\$0.17

Details of warrants outstanding at March 31, 2024 are as follows:

Number of Warrants	Exercise Price	Remaining Contractual Life (in years)	Expiry Date
29,663,566	\$0.15	0.56	October 22, 2024*
7,300,000	\$0.06	0.57	October 26, 2024
455,000	\$0.06	0.57	October 26, 2024
455,000	\$0.05	0.57	October 26, 2024
21,265,000	\$0.15	0.58	October 28, 2024**
5,833,333	\$0.15	0.65	November 23, 2024
21,875,000	\$0.25	1.11	May 10, 2025
1,640,625	\$0.16	1.11	May 10, 2025
88,487,524	\$0.17	0.72	

\* Expiry date extended from October 22, 2023 to October 22, 2024 during the year ended March 31, 2024

\*\*Expiry date extended from October 28, 2023 to October 28, 2024 during the year ended March 31, 2024

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**9. RELATED PARTY TRANSACTIONS AND BALANCES**

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

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, and post-employment benefits. Key management personnel include the Chief Executive Officer, Chief Financial Officer, and directors of the Company. The remuneration of key management is as follows:

	<b>March 31, 2024</b>	<b>March 31, 2023</b>
	\$	\$
Consulting fees – CEO	161,257	50,000
Consulting fees – CFO	35,000	-
Consulting fees – Former CFO	52,250	-
Consulting fees – Former CEO	-	152,400
Consulting fees – Director	-	160,224
Directors’ fees	36,000	36,000
Professional fees – CFO	-	114,000
Share-based payments	39,055	168,695
	<b>323,562</b>	<b>681,319</b>

The Company has a derivative liability of \$673,435 (March 31, 2023 - \$788,310) related to amounts due to the former shareholder of Sarcon in connection with the Agreement described in Note 6. The amount is unsecured and non-interest bearing.

As at March 31, 2024, the Company has amounts payable of \$343,096 (March 31, 2023 - \$56,750) due to certain directors and officers of the Company. The amounts payable are unsecured and non-interest bearing.

**10. LOANS PAYABLE**

During the year ended March 31, 2021, the Company received a \$40,000 loan from the Canada Emergency Business Account (CEBA). The loan has 0% interest until January 18, 2024, thereafter interest is at 5% per annum starting on January 19, 2024. No principal repayments are required before January 18, 2024, and if the loan remains outstanding after January 18, 2024, only interest payments are required until full principal is due on December 31, 2026. During the year ended March 31, 2024, the Company accrued interest of \$394. As at March 31, 2024, the Company had CEBA loan payable of \$40,394 (March 31, 2023 - \$40,000)

As at March 31, 2024, the Company had a loan payable of \$6,041 (March 31, 2023 - \$1,541) due to the CEO of the Company. The loan is unsecured, non-interest bearing with no fixed term for repayment.

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**11. MANAGEMENT OF CAPITAL**

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 sourcing and exploration of its resource properties. The Company does not have any externally imposed capital requirements to which it is subject to.

The Company considers the aggregate of its share capital, contributed surplus and deficit as 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 or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash in large financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations. The Company expects its current capital resources will be sufficient to carry its acquisition plans and operations through its current operating period.

There has been no change to the Company's approach to the management of capital during the year ended March 31, 2024.

**12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Fair Value of Financial Instruments**

The Company's financial instruments include cash, accounts payable and accrued liabilities, amounts payable, derivative liability, loans payable and convertible debentures.

Financial instruments measured at fair value on a recurring basis were presented on the Company's consolidated statements of financial position are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>March 31, 2024:</b>				
Cash	\$ 150,310	\$ -	\$ -	\$ 150,310
Derivative liability	\$ -	\$ 673,435	\$ -	\$ 673,435
<b>March 31, 2023:</b>				
Cash	\$ 207,936	\$ -	\$ -	\$ 207,936
Derivative liability	\$ -	\$ 788,310	\$ -	\$ 788,310

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**12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)**

Fair value

The fair value of the Company's accounts payable and accrued liabilities, amounts payable, loans payable and convertible debentures approximates their carrying value as at March 31, 2024 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The risks associated with the financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company is exposed to foreign currency risk of the Sri Lankan rupee, British pound, and United States dollar on certain financial instruments. Based on the net exposure as at March 31, 2024, a 10% depreciation or appreciation of the Sri Lankan rupee, British pound, and United States dollar against the Canadian dollar would impact the Company's earnings by approximately \$75,612 (2023 – 186,400).

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The credit risk on cash is limited because the cash are composed of financial instruments issued by Canadian banks and companies with high credit ratings as assigned by international credit-rating agencies. Therefore, the Company is not exposed to significant credit risk.

(iv) *Liquidity risk*

In managing of liquidity risk, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at March 31, 2024, the Company had a working capital deficit of \$4,459,207. As at March 31, 2024, the Company had cash of \$150,310 to settle current liabilities of \$4,712,442.

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**13. INCOME TAXES**

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2023 – 22-28%) to the effective tax rate is as follows:

	<b>2024</b>	<b>2023</b>
	\$	\$
Net income (loss) before recovery of income taxes	(1,453,454)	(3,506,653)
Expected income tax (recovery) expense	(392,433)	(808,000)
Difference in foreign tax rates	(21,676)	-
Tax rate changes	16,155	-
Non-deductible (taxable) items	20,446	298,000
Financing fees charged to equity	(6,325)	-
Other adjustments	(4,766)	-
Change in tax benefits not recognized	388,599	510,000
Income tax (recovery) expense	-	-

**Deferred tax**

The following table summarize the components of deferred tax:

	<b>2024</b>
<b>Deferred tax assets</b>	\$
Share issuance costs	3,080
Non-capital losses carried forward	145,989
<b>Deferred tax liabilities</b>	
Convertible debentures	(149,069)
Net deferred tax asset	-

**Unrecognized temporary differences**

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	<b>2024</b>
	\$
Share issuance costs	352,879
Derivative liability	673,435
Non-capital losses carried forward	12,544,032
	13,570,346

Share issuance costs are amortized over 5 years.

The derivative liability is expected to be settled within 1 year.

Sri Lanka non-capital losses may be carried forward 5 years, see below for carryforward and expiry summary:

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**13. INCOME TAXES (continued)**

	\$
2024	505,293
2025	180,255
2026	248,601
2027	222,663
2028	456,410
2029	250,539
	1,863,761

Canada non-capital losses may be carried forward 20 years, see below for carryforward and expiry summary:

	\$
2031	160,683
2032	199,069
2033	60,814
2034	113,154
2035	178,855
2036	763,468
2037	381,214
2038	581,872
2039	883,918
2040	956,886
2041	1,941,608
2042	1,748,808
2043	1,797,633
2044	1,452,989
	11,220,971

**14. CONTINGENCIES**

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with vendors and other parties. Management is of the position that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain and management's view of these matters may change in the future.

**15. SUBSEQUENT EVENTS**

The Company issued 6,882,000 common shares on April 16, 2024 and 6,814,000 common shares on July 15, 2024 pursuant to the Restated Sarcon Agreement in the amount of \$250,000 USD for each issuance (Note 6).

On April 26, 2024, the Company issued 548,999 common shares in satisfaction of interest due on secured convertible debenture units of the Company. The aggregate interest payable settled by the Company is \$16,470. In accordance with the policies of the TSX Venture Exchange and the terms of the debentures, the interest shares were issued at a deemed price of \$0.03 for an aggregate of 548,999 common shares in satisfaction of the aggregate interest payable. The interest shares will be subject to a four-month hold period in accordance with the policies of the TSX Venture Exchange.

On April 22, 2025, the Company issued 1,792,534 common shares to settle debt.

Subsequent to year-end, a total of 88,487,524 warrants with exercise prices ranging from \$0.05-\$0.25 expired unexercised.

Subsequent to year-end, 50,000 stock options with an exercise price of \$0.20 expired unexercised.