



**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022  
(EXPRESSED IN CANADIAN DOLLARS)**

**M3 METALS CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
M3 Metals Corp.

### ***Opinion***

We have audited the accompanying consolidated financial statements of M3 Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2023 and 2022, and the consolidated statements of income (loss) and comprehensive income (loss), cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### ***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 has a deficit of \$42,778,386 and has incurred ongoing losses since inception. 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 year ended. 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 properties ("E&E Properties")***

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company's E&E Properties was \$152,095 as of August 31, 2023. As more fully described in Note 2 to the consolidated financial statements, management assesses E&E Properties for indicators of impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Properties is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment, specifically relating to the properties' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these properties. 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 Properties.

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:

- Evaluating management's assessment of impairment indicators in accordance with the applicable accounting standards.
- Evaluating the intent for the E&E Properties through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements including reviewing option agreements and vouching cash payment and share issuance.
- Assessing the Company's rights to explore E&E Properties including confirmation request to optionor to ensure good standing of agreement.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Properties 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

December 12, 2023

**M3 METALS CORP.****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(EXPRESSED IN CANADIAN DOLLARS)**

	August 31, 2023	August 31, 2022
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	698,825	770,463
Marketable securities (Note 3)	429,980	507,300
GST receivable	5,112	4,419
Prepaid expenses	114,662	18,572
<b>Total current assets</b>	<b>1,248,579</b>	<b>1,300,754</b>
Property and equipment (Note 4)	3,995	6,024
Exploration and evaluation properties (Note 5)	152,095	160,000
<b>TOTAL ASSETS</b>	<b>1,404,669</b>	<b>1,466,778</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6 and 9)	108,549	416,512
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	43,754,506	42,554,506
Reserves (Note 8)	320,000	762,102
Deficit	(42,778,386)	(42,266,342)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,296,120</b>	<b>1,050,266</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,404,669</b>	<b>1,466,778</b>

**NATURE AND CONTINUANCE OF OPERATIONS (Note 1)  
SUBSEQUENT EVENTS (NOTE 14)**

Approved and authorized by the Board on December 12, 2023.

On behalf of the Board:

/s/ "Kosta Tsoutsis"  
Director

/s/ "Adrian Smith"  
Director

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

**M3 METALS CORP.****CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)  
(EXPRESSED IN CANADIAN DOLLARS)**

	<b>For the years ended August 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Consulting and directors fees (Note 9)	<b>549,986</b>	276,576
Depreciation (Note 4)	<b>2,029</b>	2,192
Investor relations	<b>3,368</b>	3,764
Marketing	<b>14,790</b>	7,169
Office and administration (Note 9)	<b>116,959</b>	88,646
Professional fees	<b>93,307</b>	66,477
Property investigation costs	<b>6,269</b>	7,000
Share-based compensation (Note 8, and 9)	<b>320,000</b>	-
Travel and related (Note 9)	<b>17,064</b>	2,071
	<b>(1,123,772)</b>	(453,895)
Unrealized gain (loss) on net change in fair value of marketable securities (Note 3)	<b>(782,760)</b>	146,740
Realized loss on sale of marketable securities (Note 3)	<b>(245)</b>	-
Gain on sale of exploration and evaluation properties (Note 5)	<b>720,599</b>	364,465
Write-off of exploration and evaluation properties (Note 5)	<b>(199,067)</b>	-
Gain on settlement of debt (Note 9)	<b>59,850</b>	-
Write-off of accounts payable	<b>56,910</b>	-
Interest income	<b>358</b>	915
Other income (loss)	<b>(6,019)</b>	26,659
	<b>(150,374)</b>	538,779
<b>Net income (loss) and comprehensive income (loss) for the year</b>	<b>(1,274,146)</b>	84,884
<b>Basic and diluted income (loss) per share</b>	<b>(0.21)</b>	0.03
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>6,096,642</b>	3,133,765

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

**M3 METALS CORP.****CONSOLIDATED STATEMENTS OF CASH FLOWS  
(EXPRESSED IN CANADIAN DOLLARS)**

	For the years ended August 31,	
	2023 \$	2022 \$
<b>Cash flows used in operating activities</b>		
Income (loss) for the year	(1,274,146)	84,884
Items not affecting cash:		
Depreciation	2,029	2,192
Share-based compensation	320,000	-
Unrealized (gain) loss on net change in fair value of marketable securities	782,760	(146,740)
Realized loss on sale of marketable securities	245	-
Gain on sales of exploration and evaluation properties	(720,599)	(364,465)
Write-off of exploration and evaluation properties	199,067	-
Gain on settlement of debt	(59,850)	-
Write-off of accounts payable	(56,910)	-
Changes in non-cash working capital items		
Amount receivable	(593)	1,359
Prepaid expenses	(96,090)	2,023
Accounts payable and accrued liabilities	(191,203)	172,532
	<b>(1,095,290)</b>	<b>(248,215)</b>
<b>Cash flows provided by investing activities</b>		
Exploration and evaluation property expenditures	(194,963)	(145,819)
Acquisition of property and equipment	-	(2,071)
Proceeds from sale of exploration and evaluation properties	-	1,042,000
Proceeds from sale of marketable securities	18,715	-
	<b>(176,248)</b>	<b>894,110</b>
<b>Cash flows provided by financing activities</b>		
Proceeds from share issuance	1,199,900	-
	<b>1,199,900</b>	<b>-</b>
<b>Net change in cash</b>	<b>(71,638)</b>	<b>645,895</b>
<b>Cash, beginning of the year</b>	<b>770,463</b>	<b>124,568</b>
<b>Cash, end of the year</b>	<b>698,825</b>	<b>770,463</b>
<b>Supplemental cash flow information</b>		
Shares issued for acquisition of exploration and evaluation assets	-	149,000
Reclassification of cancelled stock options	762,102	-
Exploration and evaluation assets in accounts payable and accrued liabilities	-	57,247
Value of shares received from sales of exploration and evaluation assets	724,400	150,000

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

**M3 METALS CORP.****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(EXPRESSED IN CANADIAN DOLLARS)**

	<b>Number of Shares Issued</b>	<b>Share Capital</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total Shareholders' Equity</b>
	<b>#</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at August 31, 2021</b>	<b>3,064,724</b>	<b>42,405,506</b>	<b>762,102</b>	<b>(42,351,226)</b>	<b>816,382</b>
Shares issued for exploration and evaluation assets	210,000	149,000	-	-	149,000
Income for the year	-	-	-	84,884	84,884
<b>Balance at August 31, 2022</b>	<b>3,274,724</b>	<b>42,554,506</b>	<b>762,102</b>	<b>(42,266,342)</b>	<b>1,050,266</b>
Shares issued for proceeds	5,000,000	1,200,000	-	-	1,200,000
Stock options issued	-	-	320,000	-	320,000
Stock options cancelled	-	-	(762,102)	762,102	-
Loss for the year	-	-	-	(1,274,146)	(1,274,146)
<b>Balance at August 31, 2023</b>	<b>8,274,724</b>	<b>43,754,506</b>	<b>320,000</b>	<b>(42,778,386)</b>	<b>1,296,120</b>

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

## **M3 METALS CORP.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022  
(EXPRESSED IN CANADIAN DOLLARS)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

M3 Metals Corp. (the “Company”) was incorporated under the Canada Business Corporations Act (CBCA) on February 27, 2007 and is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol V.MT. The Company’s business is to acquire, explore and develop interests in mineral properties located in North America.

The Company’s registered office is Suite 650 – 1188 West Georgia Street, Vancouver, BC, Canada, V6E 4A2. The Company maintains an executive office at Suite 300 – 1455 Bellevue Avenue, West Vancouver, BC, Canada, V7T 1C3.

The Company’s exploration and evaluation properties are at the exploration and evaluation stage and are without a known body of commercial ore. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

On September 16, 2022, the Company consolidated its outstanding share capital on a ten-for-one basis. The share consolidation has been applied retrospectively and as a result all shares, options, warrants, and per share amounts are stated on an adjusted basis.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company has a deficit of \$42,778,386 and has incurred ongoing losses since inception. As at August 31, 2023, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company may require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

These consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on December 12, 2023.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

#### **Statement of compliance**

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

## **M3 METALS CORP.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Basis of presentation**

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

#### **Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, ML Nevada Corp. All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

#### **Foreign currency translation**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive income (loss).

#### **Use of estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation properties, valuation of share-based compensation, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

#### Economic recoverability and probability of future economic benefits of exploration and evaluation properties

Management determined exploration, evaluation, and related costs incurred which are capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

## **M3 METALS CORP.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Use of estimates (continued)**

##### Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forecasted dividend rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

##### Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

#### **Exploration and evaluation properties**

Pre-exploration costs are expensed as incurred.

Costs directly related to the acquisition and exploration of exploration and evaluation properties are capitalized once the legal rights to explore the exploration and evaluation properties 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 transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

#### **Restoration and environmental obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation properties along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as the related assets.

The Company's estimates restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

As at August 31, 2023 and 2022, there were no significant restoration and environmental obligations.

## **M3 METALS CORP.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Share-based compensation**

The Company operates an employee stock option plan. Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On exercise of stock options, any amounts related to the initial value of the stock options, along with the proceeds from exercise are recorded to share capital. On expiration of stock options, the corresponding amounts related to the initial value of the stock options are transferred to deficit.

#### **Financial instruments**

The following is the Company's accounting policy for financial instruments under IFRS 9:

##### Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). 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. 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. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. 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/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is classified as amortized cost and marketable securities is classified as FVTPL.

##### 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.

## M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as amortized cost and carried on the statements of financial position at amortized cost.

As at August 31, 2023, the Company does not have any derivative financial liabilities.

#### **Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statements of income (loss) and comprehensive income (loss) during the fiscal period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a declining balance method to write off the cost of the assets. The depreciation rates applicable to each category of property and equipment are as follows:

<b>Asset</b>	<b>Basis</b>	<b>%</b>
Computer hardware	Declining balance	55%
Equipment	Declining balance	20%
Vehicles	Declining balance	30%

#### **Unit offering**

The Company accounts for unit offering financing using the relative fair value method. Under this method, the fair values of the shares and share purchase warrants are determined separately and prorated to the actual proceeds received. The fair value of shares is determined using the share price at the issue date. The fair value of share purchase warrants is measured using the Black-Scholes valuation model at the issue date.

#### **Warrants**

Finder's warrants are measured using the Black-Scholes valuation model at the issue date. The value of warrants are reclassified from reserves to share capital when exercised or expired.

#### **Income taxes**

##### Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Income taxes (continued)**

##### Deferred income tax:

Deferred income tax is provided for, based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

##### Flow-through shares:

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid, if any, for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss on a pro-rata basis at the same time the qualifying expenditures are made.

#### **Impairment of non-financial assets**

The carrying amount of the Company's assets (which include property and equipment and exploration and evaluation properties) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of an asset is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basic and diluted loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Potentially dilutive options and warrants excluded from diluted loss per share totalled 5,800,000 (2022 – 297,000).

#### Recent accounting pronouncements

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended August 31, 2023. The following amendments will be in effect for annual reporting periods beginning on or after January 1, 2023:

*Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

*Definition of Accounting Estimates (Amendments to IAS 8)* – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Company anticipates that these amendments will not have a material impact on the results of operations and financial position of the Company.

### 3. MARKETABLE SECURITIES

Marketable securities are comprised of the following:

	August 31, 2023		August 31, 2022	
	Shares #	Fair Value \$	Shares #	Fair Value \$
International Metals Mining Corp. (“IMM”)	200,000	42,000	2,632,000	394,800
Aurwest Resources Corporation (“Aurwest”)	1,500,000	37,500	1,125,000	112,500
Cyclone Metals LTD (“Cyclone”)	400,000,000	350,480	-	-
		429,980		507,300

#### International Metals Mining Corp

In October 2020, the Company received 3,000,000 common shares of IMM at a fair value of \$0.30 per share in connection with the Aspen Gold Property option agreement (Note 5). During the year ended August 31, 2021, the Company sold 368,000 IMM common shares resulting in a net loss of \$11,465. In October 2022, IMM consolidated its shares on the basis of every ten old common shares into one new common share. During the year ended August 31, 2023, the Company sold 63,200 IMM common shares resulting in a net loss of \$245. During the year ended August 31, 2023, the Company recorded an unrealized loss on net change in fair value of marketable securities of \$333,840 (2022 – gain of \$184,240)

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**3. MARKETABLE SECURITIES (CONTINUED)****Aurwest Resources Corporation**

In December 2021, the Company received 1,500,000 common shares of Aurwest subject to certain escrow release conditions at a fair value of \$0.10 per share in connection with the sale of the Stars Property (Note 5). As at August 31, 2023, 1,500,000 common shares (2022 – 1,125,000) have been released from escrow. During the year ended August 31, 2023, the Company recorded an unrealized loss on net change in fair value of marketable securities of \$75,000 (2022 loss – \$37,500).

**Cyclone Metals Ltd.**

In May 2023, the Company received 400,000,000 common shares of Cyclone at a fair value of AUS\$0.002 per share in connection with the sale of the Schefferville Property (Note 5). During the year ended August 31, 2023, the Company recorded an unrealized loss on net change in fair value of marketable securities of \$373,920 (2022 loss – \$nil).

**4. PROPERTY AND EQUIPMENT**

	Computer hardware \$	Equipment \$	Vehicles \$	Total \$
<b>Cost:</b>				
At August 31, 2021	31,502	24,740	101,524	157,766
Additions	2,071	-	-	2,071
<b>At August 31 2022 and August 31, 2023</b>	<b>33,573</b>	<b>24,740</b>	<b>101,524</b>	<b>159,837</b>
<b>Depreciation:</b>				
At August 31, 2021	31,198	22,241	98,182	151,621
Charge for the year	690	500	1,002	2,192
At August 31, 2022	31,888	22,741	99,184	153,813
Charge for the year	928	401	700	2,029
<b>At August 31, 2023</b>	<b>32,816</b>	<b>23,142</b>	<b>99,884</b>	<b>155,842</b>
<b>Net book value:</b>				
At August 31, 2022	1,685	1,999	2,340	6,024
<b>At August 31, 2023</b>	<b>757</b>	<b>1,598</b>	<b>1,640</b>	<b>3,995</b>

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**5. EXPLORATION AND EVALUATION PROPERTIES**

	Schefferville \$	Aspen \$	Stars \$	Mohave \$	G-South \$	Great Texas Spring \$	Total \$
<b>Balance, August 31, 2021</b>	<b>199,443</b>	-	-	-	-	-	<b>199,443</b>
Property acquisition costs	-	-	-	-	160,000	-	160,000
<i>Exploration expenditures:</i>							
Geological	28,092	-	-	-	-	-	28,092
	28,092	-	-	-	160,000	-	188,092
Value of option payments received	(442,000)	-	-	(150,000)	-	-	(592,000)
Gains from option payments received	214,465	-	-	150,000	-	-	364,465
<b>Balance, August 31, 2022</b>	-	-	-	-	<b>160,000</b>	-	<b>160,000</b>
Value of common shares received	(724,400)	-	-	-	-	-	(724,400)
Gain from sale of asset	720,599	-	-	-	-	-	720,599
<i>Exploration expenditures:</i>							
Geological	3,801	-	-	-	16,135	-	22,546
Staking and claim maintenance costs	-	-	-	-	-	175,027	175,027
	-	-	-	-	176,135	175,027	351,162
Write off of exploration and evaluation properties	-	-	-	-	(176,135)	(22,932)	(199,067)
<b>Balance, August 31, 2023</b>	-	-	-	-	-	<b>152,095</b>	<b>152,095</b>

**Schefferville Properties**

In 2011, the Company acquired a 100% interest in a number of properties. These properties are subject to certain royalty interests and NSRs. In May 2022, the Company entered into a Tenement Sale Agreement (“TSA”) with Labrador Iron Pty Ltd. (“Labrador”) whereby the Company will sell its 100% right, title and interest in the Schefferville Properties in exchange for:

- cash payment of AUS\$500,000 on closing (received);
- cash payment of AUS\$1,000,000 on or before May 12, 2023. In the event Labrador does not make this cash payment, Labrador must issue to the Company, for no consideration, that number of common shares of Labrador that is equal to 70% of the fully diluted issued and outstanding share capital of Labrador; and
- Labrador must incur at least AUS\$250,000 in eligible exploration expenses on the Schefferville Properties to keep the properties in good standing to December 31, 2022.

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### **5. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)**

Should Labrador be acquired by an entity listed on a stock exchange ("Listco") prior to May 12, 2023, Listco must issue to the Company:

- That number of fully paid common shares in the capital of Listco that is equal to AUS\$500,000, divided by the 10-day VWAP of Listco's common shares as traded on the stock exchange prior to the closing date, to be issued within three business days of completion of the transaction with Listco; and
- That number of fully paid common shares in the capital of Listco that is equal to AUS\$500,000, divided by the 10-day VWAP of Listco's common shares as traded on the stock exchange prior to the closing date, to be issued upon the earlier of either:
  - 12 months from the date of completion of the transaction with Listco; or
  - upon definition of a JORC inferred resource on the Schefferville Properties of not less than 5 Billion tonnes containing iron ore at a grade not less than 28% within 12 months of the execution of the tenement sale agreement.

In April 2023, Labrador was acquired by Cyclone Metals Ltd, an entity listed on the stock exchange. As a result, in May 2023, Cyclone issued 400,000,000 common shares to the Company with a fair value of AUS\$800,000 to acquire a 100% interest in the Schefferville Properties. M3 and Cyclone mutually agreed that the sale was completed, and Cyclone was relieved of any further commitments as outlined in the TSA. During the year ended August 31, 2023, the Company recognized a \$720,599 gain (2022 -\$nil) on recovery of exploration and evaluation assets related to the 400,000,000 common shares issued by Cyclone.

#### **Aspen Gold Property**

In July 2016, the Company entered into an agreement (later amended in October 2016) with a company controlled by an officer and director of the Company, to acquire a 90% interest in the Aspen Gold Property located in central British Columbia. Subsequently, the related party relinquished the remaining 10% interest of the property to the Company, which resulted the Company acquiring a 100% interest of the Aspen Gold Property. Under the terms of the amended agreement, the purchase price for the interest was \$100,000 (paid). In September 2020, the Company entered into a mineral property option agreement ("Aspen Option Agreement") with Big Rock Resources Inc. ("Big Rock"). Under the Aspen Option Agreement, Big Rock was granted the option to acquire a 100% right, title and interest in and to the Company's Aspen Gold Property in exchange for the payment to the Company of \$100,000 and the issuance of 3,000,000 Big Rock common shares to the Company. The Big Rock common shares were subsequently converted to 3,000,000 IMM common shares (Note 3). During the year ended August 31, 2021, the Company recorded a gain on sale of exploration and evaluation properties of \$711,165 in relation to the 3,000,000 IMM shares with a fair value of \$900,000 or \$0.30 per share. As at August 31, 2022, the Company terminated the Aspen Option Agreement due to failure to receive the \$100,000 option payment. As at August 31, 2023, the claims related to the Aspen Gold Property have expired.

#### **Stars Property**

In November 2017, the Company entered into two separate option agreements to acquire, by way of option, up to 80% of certain mining claims in the Omineca Mining Division located in north central British Columbia, approximately 40 kilometers south - southwest of Houston, BC (collectively, the "Stars Property"). The Company can earn a total of 80% interest in the Stars Property by fully exercising the options in the First Agreement and the Second Agreement as outlined below.

The first agreement (the "First Agreement") is with Pacific Empire Minerals Corp., an arm's length party which currently owns 50% of the Stars Property. As at June 5, 2021, the Company was unable to fulfill its obligation under the First Agreement and has forfeited the option, as a result, the Company recorded a write-off of exploration and evaluation properties of \$860,101 during the year ended August 31, 2021. The second agreement (the "Second Agreement") (amended in June 2020 and July 2021) is with Divitiae Resources Ltd., a non-arm's-length party owned by Adrian Smith, P. Geo, a director of the Company, which currently owns 50% of the Stars Property. Under the amended terms of the Second Agreement, the Company has the option to earn up to an additional 50% interest in the Stars Property by completing the following:

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**5. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)****Stars Property (continued)**

	<b>Cash payment (\$)</b>	<b>Common shares</b>
Upon TSX-V approval on June 5, 2018	(paid) 10,000	(issued) 2,000
On or before June 5, 2019	(paid) 20,000	(issued) 4,000
On or before June 5, 2020	-	(issued) 3,000
The earlier of: (i) on January 31, 2022; or (ii) the Company completing a financing for gross proceeds exceeding \$100,000	(paid) 50,000	-
On or before January 31, 2022	(paid) 50,000	(issued) 10,000
<b>Total Requirement</b>	<b>130,000</b>	<b>19,000</b>

In December 2021, the Company completed the option in the Second Agreement and earned a 50% interest in the Stars Property. The Company then entered into a purchase and sale agreement with Aurwest and sold the 50% interest for a cash payment of \$450,000 and 1,500,000 common shares of Aurwest, and Aurwest granted the Company a 2% net smelter royalty (“NSR”). Aurwest may buy back 50% of the NSR at any time by making a \$1,000,000 payment. As a result of the sale, the Company recorded an additional write-off of exploration and evaluation properties of \$843,803 and reclassified the interest in the Stars Property to asset held for sale during the year ended August 31, 2021. During the year ended August 31, 2022, the Company received the full payment for the option which was applied against the asset held for sale.

**Mohave Property**

On September 21, 2019, the Company entered into an option agreement with DDS Resources LLC and Mohave Mine Partnership LLC (collectively, “Optionors”) to acquire, by way of option, up to 100% of certain mining claims in the Weaver mining district, Mohave County, Arizona, USA (collectively, the “Mohave Mine Gold Property”). Under the terms of the agreement, the Company has the option to earn up to a 100% interest in the Mohave Mine Gold Property by completing the following:

	<b>Cash payment (US\$)</b>	<b>Expenditures (US\$)</b>
On or before October 1, 2019	(paid) 50,000	-
On or before March 31, 2021*	(paid by MLP) 75,000	(incurred) 50,000
On or before March 31, 2022*	(paid by MLP) 100,000	(incurred) 200,000
On or before April 14, 2023*	150,000	300,000
On or before March 31, 2024*	200,000	350,000
On or before March 31, 2025*	3,000,000	400,000
<b>Total Requirement</b>	<b>3,575,000</b>	<b>1,300,000</b>

\*As part of the Definitive Agreement (defined below), Millennial Potash Corp (“MLP”) (formerly “Black Mountain Gold USA Corp.”) is responsible to keep the underlying option agreement between the Optionors and the Company in good standing by making the necessary cash payments and completing expenditure requirements.

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### 5. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

#### Mohave Property (continued)

Upon the completion of all payments, the Company will grant a 1.5% NSR to the Optionors. In July 2020, and later amended, the Company entered into a mineral property option agreement (the "Definitive Agreement") with MLP. Under the Definitive Agreement, MLP can earn up to a 90% interest in the Mohave Mine Gold Property by making payments and incurring exploration expenditures as follows:

	Cash Option payments (\$)	Expenditures (\$)
On or before November 5, 2020	(received) 300,000	-
On or before May 4, 2022	(received) 150,000	-
On or before March 4, 2023*	250,000	-
On or before November 4, 2023	400,000	-
On or before November 4, 2024**	2,000,000	1,000,000
On or before November 4, 2025***	3,000,000	2,000,000
<b>Total Requirement</b>	<b>6,100,000</b>	<b>3,000,000</b>

\* \$250,000 is due on the earlier of March 4, 2023 or five business days after the completion of (i) State and Federal approval of the Environmental Assessment (EA) Report filed by the Company; and (ii) approval of the Company's exploration plan of operation including allowing road and drill pad construction to begin and planned drilling to be commenced.

\*\*MLP has the option to pay \$2,000,000 cash or issue shares valued at the time of issuance of \$2,000,000 up to 50% of MLP's outstanding shares to the Company.

\*\*\*MLP has the option to pay \$3,000,000 cash or issue shares valued at the time of issuance of \$3,000,000 up to 50% of MLP's outstanding shares to the Company.

During the year ended August 31, 2021, the Company recorded a gain on sale of exploration and evaluation properties of \$34,940 in relation to the \$300,000 option payment received. Additionally, MLP reimbursed \$226,216 to the Company and the reimbursement was considered towards its exploration expenditures requirements. During the year ended August 31, 2022, the Company recorded a gain on sales of exploration and evaluation properties of \$150,000 in relation to the \$150,000 option payment received.

On March 2, 2023, Millennial Potash Corp (formerly Black Mountain Gold USA Corp.) and the Company mutually agreed to terminate the definitive agreement dated July 4, 2020 and as amended in April and October 2022 between MLP and the Company with respect to the Mohave Mine Gold Property. MLP forfeited its right to earn a 90% interest in the Mohave Mine Gold Property. Subsequently in April 2023, the Company forfeited its right to acquire a 100% interest in the Mohave Mine Gold Property by terminating its agreement with DDS Resources LLC dated September 21, 2019.

#### G-South Property

On April 21, 2022, the Company entered into a mineral claims purchase and sale agreement to acquire 100% of the G-South property, located in the Central Cariboo Region of South Central British Columbia (the "G-South Property"). Under the terms of the agreement, the vendor is to receive a total of \$20,000 (paid) and 200,000 common shares of the Company (issued) with a fair value of \$140,000 as consideration for the purchase.

The Company will pay a 2% NSR to the vendor on commencement of commercial production which the Company will have the right, at any time prior to the commencement of commercial production, to purchase 50% of the NSR for \$1,000,000.

The G-South claims expire in February 2024, and the Company currently does not have intention to renew these claims. As a result, the Company recorded a write of exploration and evaluation assets of \$176,135 during the year ended August 31, 2023 (2022 - \$nil)

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### 5. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

#### Great Texas Spring

In April 2023, the Company staked 292 mining claims for a lithium project in the Elko County region of Nevada. The Company incurred \$175,027 in staking and claim maintenance costs. Of these 292 claims, 39 claims had previously been staked by another Company, and as a result of title disputes, the Company wrote-off \$22,932 of costs relating to the disputed claims. The Company holds title to 253 claims.

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2023	August 31, 2022
	\$	\$
Accounts payable	14,405	322,962
Accrued liabilities	94,144	93,550
	<b>108,549</b>	<b>416,512</b>

### 7. SHARE CAPITAL

#### Authorized share capital

Unlimited common shares without par value.

#### During the year ended August 31, 2023:

- In February 2023, the Company closed a private placement of 5,000,000 units at a price of \$0.24 per unit for gross proceeds of \$1,200,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable for two years at a price of \$0.32 per share.

#### During the year ended August 31, 2022:

- The Company issued 10,000 common shares of the Company with a fair value of \$9,000 in connection to the Second Agreement of the Stars Property (Note 5).
- The Company issued 200,000 common shares of the Company with a fair value of \$140,000 in connection to the purchase of the G-South Property (Note 5).

### 8. RESERVES

#### Stock options

The Company has a stock option plan ("the Plan") whereby it can grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company. Vesting and term of the option is determined by the board of directors in accordance with the Plan and the policies of the TSX-V.

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### 8. RESERVES (CONTINUED)

A summary of stock option activities is as follows:

	Number of options #	Weighted average exercise price \$
<b>Balance, August 31, 2021 and 2022</b>	<b>297,000</b>	<b>1.70</b>
Granted	800,000	0.47
Cancelled	(297,000)	1.70
<b>Balance, August 31, 2023</b>	<b>800,000</b>	<b>0.47</b>

The weighted average life of the outstanding stock options is 4.66 years.

On December 1, 2022, 297,000 stock options with an expiry date of May 13, 2024 were cancelled. As a result, \$762,102 representing the value of the reserves, was reclassified from reserves to deficit.

In April 2023, the Company granted 800,000 stock options to various directors and a consultant of the Company at an exercise price of \$0.47 per share for a period of five years, vesting immediately. The options were valued at \$320,000 using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 2.98%, volatility of 149.44%, and nil forecasted dividend yield.

### Warrants

In February 2023, 5,000,000 share purchase warrants were issued in connection with the February private placement.

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price \$
<b>Balance, August 31, 2021 and 2022</b>	-	-
Issued	5,000,000	0.32
<b>Balance, August 31, 2023</b>	<b>5,000,000</b>	<b>0.32</b>

The weighted average life of the outstanding warrants is 1.44 years.

### 9. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

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### 9. RELATED PARTY TRANSACTIONS (CONTINUED)

Summary of key management personnel compensation:

	For the years ended August 31,	
	2023	2022
	\$	\$
Consulting and directors' fees	263,000	276,000
Share-based compensation	180,000	-
Total	<b>443,000</b>	<b>276,000</b>

In addition, the following amounts were incurred with respect to companies related by common officers and directors:

	For the years ended August 31,	
	2023	2022
	\$	\$
Office and administration – Rent	17,100	17,300
Travel and related	1,000	1,900
Total	<b>18,100</b>	<b>19,200</b>

As at August 31, 2023, the Company has \$1,415 (2022 - \$226,488) included in accounts payable and accrued liabilities due to officers, directors and companies controlled by officers and directors. During the year ended August 31, 2023, the Company recognized on a \$59,850 gain on the settlement of debt with Divitiae Resource Ltd, a company controlled by an officer of the Company.

### 10. CAPITAL MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As the Company's properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favorable.

The Company's share capital is not subject to any external restrictions. The Company did not change its approach to capital management during the year ended August 31, 2023.

### 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

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### 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's financial instruments consist of cash, marketable securities and accounts payable and accrued liabilities. The fair value of these financial instruments, other than marketable securities, approximates their carrying values due to the short-term nature of these instruments. Marketable securities are measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) Currency risk

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at August 31, 2023 the Company had foreign currency net monetary financial assets of US\$44,747. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$6,055.

b) Credit risk

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and GST receivable is due from the Government of Canada. The Company's financial instrument related to the GST receivable is not exposed to significant credit risk.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is no interest rate risk, as the Company has no interest bearing debt subject to floating interest rates.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. As at August 31, 2023 the Company had a cash balance of \$698,825 to settle current liabilities of \$108,549. The liquidity risk is assessed as low.

e) Commodity price risk

The ability of the Company to explore and evaluate its exploration and evaluation properties and the future profitability of the Company are directly related to the price of gold. The Company monitors iron and gold prices to determine the appropriate course of action to be taken.

### 12. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation properties. Geographic information is as follows:

	As at August 31, 2023		
	Canada	US	Total
	\$	\$	\$
Property and equipment	3,995	-	3,995
Exploration and evaluation properties	-	152,095	152,095
	<b>3,995</b>	<b>152,095</b>	<b>156,090</b>

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**12. SEGMENTED INFORMATION (CONTINUED)**

	As at August 31, 2022		
	Canada	US	Total
	\$	\$	\$
Property and equipment	6,024	-	6,024
Exploration and evaluation properties	160,000	-	160,000
	<b>166,024</b>	<b>-</b>	<b>166,024</b>

**13. INCOME TAX**

The reconciliation of the combined Canadian federal and provincial income tax rate to the income tax recovery presented in the accompanying statements of comprehensive loss is provided below:

	For the year ended August 31,	
	2023	2022
	\$	\$
Income (loss) before income taxes	(1,274,146)	84,884
Expected income tax (recovery)	(344,000)	23,000
Change in statutory, foreign tax, foreign exchange rates and other	(175,000)	(10,000)
Permanent difference	195,000	(51,000)
Adjustment to prior years provision versus statutory tax returns	-	216,000
Change in unrecognized deductible temporary differences	324,000	(178,000)
Total deferred taxes	-	-

Significant components of unrecognized temporary differences and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	As of August 31,			
	2023	Expiry dates	2022	Expiry dates
	\$		\$	
Exploration and evaluation properties	19,896,000	2023 to 2043	19,670,000	2022 to 2042
Investment tax credit	1,094,000	2032 to 2043	1,093,000	2032 to 2033
Property and equipment	293,000	No Expiry	291,000	No Expiry
Share issuance costs	-	No Expiry	8,000	No Expiry
Marketable securities	1,291,000	No Expiry	432,000	No Expiry
Allowable capital losses	6,000	No Expiry	6,000	No Expiry
Non-capital losses				
Canada	14,557,000	2031 to 2043	13,951,000	2031 to 2042
USA	(10,000)	No Expiry	56,000	No Expiry

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

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### **14. SUBSEQUENT EVENTS**

- a) On October 19, 2023, the Company obtained regulatory approval from the TSX-V of a mineral property option agreement entered into in May 2023 (the "Lakshmi Option Agreement") with IMEx Consultants ("IMEx") to acquire up to an eighty (80%) percent interest in the Lakshmi Property (the "Lakshmi Property") located in California.

To obtain a 60% interest in the Lakshmi Property, the Company must:

- i. Issue 2,000,000 shares (subsequently issued) to IMEx and pay a sum of USD\$150,000 (subsequently paid) upon regulatory approval of the Lakshmi Option Agreement; and
- ii. Incur USD\$400,000 in exploration expenditures on the Lakshmi Property within twelve (12) months of regulatory approval of the Agreement.

The Company can acquire the additional twenty (20%) percent interest in the Lakshmi Property by issuing an additional 2,000,000 shares to the Vendor and incurring an additional USD\$2,000,000 in exploration expenditures on the Lakshmi Property within thirty-six (36) months of regulatory approval of the Lakshmi Option Agreement.

- b) On October 24, 2023, the Company obtained regulatory approval from the TSX-V of a mineral property option and joint venture agreement (the "Surge Agreement") with Surge Battery Metals Inc. ("Surge") entered into in July 2023. The Surge Agreement grants Surge the right to earn up to an 80% interest in the Great Texas Spring property by making the following payments to the company:
- i. to earn a 50% percent interest Surge must make a cash payment to the Company of \$500,000 (subsequently paid) and must issue to the Company a total of 2,000,000 (subsequently issued) of Surge's common shares;
  - ii. to earn an additional 20% percent interest in the M3M Lands, Surge must make a cash payment to the Company of \$250,000, issue to the Company a total of 2,000,000 of Surge's common shares and make \$250,000 in exploration expenditures; and
  - iii. to earn an additional 10% percent interest in the M3M Lands, Surge must make a cash payment to M3M of \$500,000 and issue to the Company a total of 1,000,000 of Surge's common shares.