

POWER GROUP PROJECTS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE Nine months ended October 31, 2023 AND 2022

(Expressed in Canadian Dollars)

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of Power Group Projects Corp. (the "Company") for the nine months ended October 31, 2023, have been prepared by management, reviewed by the Audit Committee, approved by the Board of Directors of the Company, and should be read in conjunction with the Company's audited financial statements for the year ended January 31, 2023.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited interim consolidated financial statements have not been reviewed by an auditor.

Vancouver, British Columbia

December 18, 2023

POWER GROUP PROJECTS CORP.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars – unaudited)

	October 31, 2023	January 31, 2023
Assets		
Current		
Cash	\$ 29,502	\$ 74,319
Prepaid expenses and sundry receivable	2,712	23,354
	32,214	97,673
Capital assets (Note 5)	-	5,003
	\$ 32,214	\$ 102,676
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 116,301	\$ 71,682
	116,301	71,682
Shareholders' Equity		
Share capital (Note 7)	25,040,700	25,040,700
Contributed surplus (Note 7)	2,342,161	2,338,774
Deficit	(27,466,948)	(27,348,480)
	(84,087)	30,994
	\$ 32,214	\$ 102,676

Nature of Business, Continuance of Operations and Going Concern (Note 1)

Approved by the Board

"Aleem Nathwani"

Director (Signed)

"Scott Hayduk"

Director (Signed)

POWER GROUP PROJECTS CORP.
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the three months ended,
(Expressed in Canadian dollars – unaudited)

	Three months ended		Nine months ended	
	October 31, 2023	October 31, 2022	October 31, 2023	October 31, 2022
Expenses				
Depreciation	\$ -	\$ 536	\$ -	\$ 1,608
Exploration expenditures (recovery)	-	947,406	(14,453)	1,159,600
Insurance	-	8,000	12,770	13,846
Management and consulting fees	18,000	63,000	82,000	180,000
Office	200	839	625	3,769
Professional fees	-	17,479	19,733	29,508
Share-based compensation	-	14,400	3,386	29,528
Shareholder communications	2,459	1,357	2,610	5,213
Transfer agent and regulatory fees	1,732	1,808	11,793	54,640
	22,391	1,054,825	118,464	1,477,712
Loss from Operations	(22,391)	(1,054,825)	(118,464)	(1,477,712)
Other Expenses (Income)				
Gain on disposal of property and equipment	-	-	5,004	-
Loss on disposal of property and equipment	-	-	(5,000)	-
	(22,391)	(1,054,825)	(118,467)	(1,477,712)
Net Loss and Comprehensive Loss for the period	\$ (22,391)	\$ (1,054,825)	\$ (118,467)	\$ (1,477,712)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding, basic and diluted	119,560,560	104,997,517	104,292,535	83,879,241

POWER GROUP PROJECTS CORP.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars – unaudited)

	Number of common shares	Share capital	Contributed surplus	Deficit	Total
Balance at January 31, 2022	72,760,560	\$24,095,700	\$2,303,874	\$(25,757,360)	\$642,214
Share-based compensation	-	-	29,528	-	15,128
Shares issued for Muddy Gullies	600,000	21,000	-	-	21,000
Shares issued for Rizz and Icefall	46,200,000	924,000	-	-	924,000
Loss for the period	-	-	-	(1,477,712)	(1,477,712)
Balance at October 31, 2022	119,560,556	\$25,040,700	\$2,333,401	\$(27,235,072)	\$139,030
Balance at January 31, 2023	119,560,560	\$25,040,700	\$2,338,774	\$(27,348,481)	\$30,994
Share-based compensation	-	-	3,386	-	3,386
Loss for the period	-	-	-	(118,467)	(118,467)
Balance at October 31, 2023	119,560,560	\$25,040,700	\$2,342,161	\$(27,466,948)	\$(84,087)

POWER GROUP PROJECTS CORP.
Condensed Interim Consolidated Statements of Cash Flows
For the three-month period ended October 31,
(Expressed in Canadian dollars – unaudited)

	2023	2022
Cash provided by (used in)		
Operating activities		
Net loss for the period	\$ (118,467)	\$ (1,477,712)
Items not affecting cash		
Depreciation	-	1,608
Stock-based compensation	3,387	29528
	(115,080)	(1,446,576)
Net changes in non-cash working capital		
Prepaid expenses and sundry receivables	20,643	19,793
Accounts payable and accrued liabilities	44,621	(41,876)
Net cash used in operating activities	(49,816)	(1,468,658)
Investing activities		
Acquisition of exploration assets	-	945,000
Sale of property and equipment	5,000	-
Cash used in investing activities	5,000	945,000
Net change in cash	(44,816)	(523,658)
Cash, beginning of period	74,319	677,085
Cash, end of period	\$ 29,503	\$ 153,427

POWER GROUP PROJECTS CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended October 31, 2023
(Expressed in Canadian dollars – unaudited)

1. NATURE OF BUSINESS, CONTINUANCE OF OPERATIONS AND GOING CONCERN

a) Nature of Operations

Power Group Projects Corp. (formerly Cobalt Power Group Inc.), (the “**Company**”) was incorporated under the BC Business Corporations Act on December 14, 2009, and is listed on the TSX Venture Exchange (“**TSX:V**”) under the symbol “PGP” and the OTCQB under the symbol “PGPGF”.

The Company maintains its head office and registered office at 999 West Hastings Street, Suite 520, Vancouver, British Columbia V6C 2W2.

The Company's principal business activity is the acquisition and exploration of resource properties. The Company presently has no proven or probable reserves, and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

b) Continuance of Operations and Going Concern

These unaudited interim condensed consolidated financial statements (“interim financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The Company incurred a comprehensive loss for the period ended October 31, 2023 of \$118,464 (2022: \$1,477,712). As at October 31, 2023, the Company had cash of \$29,502 (January 31, 2023: \$74,319), working capital deficit of \$84,087 (January 31, 2023: \$25,991 surplus) and an accumulated deficit of \$27,466,948 (January 31, 2023: \$27,348,480) since inception and expects to incur further losses in the development of its business. The Company's ability to continue operations in the normal course of business is dependent upon establishing sufficient cash flows from their exploration projects or on the receipt of additional debt or equity financing. The nature and significance of these conditions, along with the continuing losses and accumulated deficit, cast significant doubt about the appropriateness of the going concern. These interim 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 than those reflected in the interim financial statements. Such adjustments could be material.

POWER GROUP PROJECTS CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended October 31, 2023
(Expressed in Canadian dollars – unaudited)

2. BASIS OF PRESENTATION

a) Statement of Compliance

These interim financial statements of the Company have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended January 31, 2023.

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied and disclosed in the Company’s financial statements for the year ended January 31, 2023, with the exception of certain amendments to accounting standards issued by the IASB. These amendments did not have a significant impact on the Company’s interim financial statements.

The Company’s interim results are not necessarily indicative of its results for a full year. These interim financial statements are expressed in Canadian dollars, the Company’s functional currency and presentation currency, and have been prepared on a historical cost basis. The accounting policies set out in Note 3 of the Audited Consolidated Financial Statements at January 31, 2023, have been applied consistently to all periods presented in these interim financial statements.

These interim financial statements were approved for issuance by the Board of Directors on December 18, 2023.

b) Basis of Consolidation

These interim financial statements of the Company include the transactions and balances of its subsidiaries, Canadian Cobalt Projects Inc., Little Trout Cobalt Development Corp., Ontario Cobalt Property Developers Inc., Pallplat Metals Inc. and Western Cobalt Corp., which are wholly owned subsidiaries incorporated in Ontario, Canada. The Company consolidates its subsidiaries on the basis that it controls the subsidiaries. In determining whether the Company controls each subsidiary, management is required to assess the definition of control in accordance with IFRS 10 - Consolidated Financial Statements. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

c) Basis of Measurement

These interim financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value.

In addition, these interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company and its subsidiaries is the Canadian dollar, being the currency of the economic environment of the Company’s operations. The functional currency is also the presentation currency.

2. BASIS OF PRESENTATION (Continued)

c) **Basis of Measurement** (Continued)

The preparation of these interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. See Note 5 for Critical Accounting Estimates and Judgments made by management in the application of IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim financial statements set out below have been applied consistently to all periods presented in all material respects.

Basic and Diluted Loss per Share

Basic earnings per share are computed by dividing the net and comprehensive loss for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if the dilutive securities were exercised or converted to common shares.

The dilutive effect of the options and warrants are computed by application of the treasury stock method and the effect of convertible securities by the “if converted” method. Diluted amounts are not presented when the effect of the computations is anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition cost of mineral properties, property payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-Based Payments

Equity-settled share-based payments for directors, officers, employees and consultants are measured at fair value using the Black-Scholes option valuation model at the stock option grant date and recorded as an expense in the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed using the graded vesting method over the vesting period based on the Company's estimate of the number of shares that will eventually vest. Consideration paid by optionees on exercise of stock options together with their fair values is credited to share capital.

Compensation expense on stock options granted to consultants is measured at the earlier of the completion of performance and the date the options are vested at the fair value of the goods and services received and are recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Share Capital

Share issue costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issue costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issue costs related to uncompleted share subscriptions are charged to operations.

Value of warrants

Proceeds from unit placements are allocated between shares and warrants using the relative fair value approach to calculate the fair value allocation between common shares and share purchase warrants. The value of unit warrants and compensatory warrants issued to brokers is determined by using the Black-Scholes model.

Flow-through shares

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. Any premium, being the excess of the proceeds over the market value of the common shares, is recorded as a liability. At the later of the renouncing and the incurrence of the expenditure, the Company de-recognizes the liability, and the premium amount is recognized as other income in the statement of operations. The Company may be subject to a Part XII.6 tax on flow-through proceeds, renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are as follows:

(i) Share-based compensation expense:

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense.

(ii) Valuation of broker warrants:

The Company uses the Black-Scholes option pricing model to calculate the fair value of broker warrants issued in connection with the Company's private placements. The Black-Scholes model requires six key inputs to determine a value for a broker warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the broker warrant or a higher volatility number used would result in an increase in the broker warrant fair value.

(iii) Collectability of related party receivables:

Management makes an assessment of whether the related party receivables are collectable for each recipient based on payment history and financial condition. These estimates are continuously evaluated and updated.

The significant areas of judgment considered by management in preparing the consolidated financial statements are as follows:

(i) Going concern:

The Company's management has made an assessment of the Company's ability to continue as a going concern and the consolidated financial statements continue to be prepared on a going concern basis. The Company has no sources of revenue and remains dependent on its ability to obtain financing which may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

POWER GROUP PROJECTS CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended October 31, 2023
(Expressed in Canadian dollars – unaudited)

4. USE OF ESTIMATES AND JUDGMENTS (Continued)

(ii) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

5. PROPERTY AND EQUIPMENT

	Trailer	Furniture and Equipment	Computer Equipment	Field Equipment	Total
Cost					
Balance at January 31, 2022	7,001	3,500	8,109	26,220	44,830
Additions	-	-	-	-	-
Balance at January 31, 2023	7,001	3,500	8,109	26,220	44,830
Additions	-	-	-	-	-
Disposals	(7,001)	(3,500)	(8,109)	(26,220)	(44,830)
Balance at October 31, 2023	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation					
Balance at January 31, 2022	5,000	1,957	4,505	26,220	37,682
Depreciation for the year	858	386	901	-	2,145
Balance at January 31, 2023	5,858	2,343	5,406	26,220	39,827
Amortization	-	-	-	-	-
Disposals	(5,858)	(2,343)	(5,406)	(26,220)	(39,827)
Balance at October 31, 2023	\$ -	\$ -	\$ -	\$ -	\$ -
Carrying Amounts					
As at January 31, 2022	\$2,001	\$1,543	\$3,604	-	\$7,148
As at January 31, 2023	\$1,143	\$1,157	\$2,703	-	\$5,003
As at October 31, 2023	\$ -	\$ -	\$ -	\$ -	\$ -

During the year, the Company sold or disposed of property and equipment for \$5,000.

6. EXPLORATION AND EVALUATION

Smith-Cobalt Property

On October 23, 2017, the Company entered into an agreement to acquire thirty-three patented mining claims, located near Cobalt, Ontario through the acquisition of Canadian Cobalt Projects Inc. Consideration for the acquisition comprised of the issuance of 2,995,000 common shares. The vendors also received a 1.5% net smelter royalty, 75% of which may be purchased by the Company for \$1,000,000 in cash.

On September 2, 2016, the Company entered into a property option agreement to acquire mining claims, located near Cobalt, Ontario. Consideration for the acquisition comprised of staged payments aggregating \$25,000 and the issuance of 150,000 common shares.

The agreement is subject to a 2% NSR. The Company has the right to purchase one-half of the NSR (1%) for \$1,000,000.

Atlin West Property

On December 8, 2021, the Company acquired 1315843 B.C. Ltd. (“BCCo”) a privately-held exploration company in British Columbia, Canada, whose sole asset is an option agreement dated August 9, 2021, with Cloudbreak Discovery PLC and Cloudbreak Discovery (Canada) Ltd. (collectively “Cloudbreak”), whereby BCCo has the option to earn a 100% interest in certain mineral claims in the province of British Columbia the Atlin West project (the “Property”).

As consideration for the transaction, the Company: (i) issued an aggregate of 24 million common shares in the capital of the company, at a price of \$0.035 per common share, being the closing market price on the date of closing, to the vendors; (ii) a cash payment in the amount of \$50,000 (paid); and (iii) a cash payment in the amount of \$50,000 to BCCo or as BCCo may direct, upon closing of the transaction (paid).

Under the terms of the option agreement, BCCo may exercise the option to acquire a 100% interest in the Property upon payment of an aggregate of \$325,000 in cash payments, issuing 8,000,00 common shares (option shares) and incurring an aggregate of \$700,000 in expenditures on the Property as follows:

Option Payments

- A \$50,000 option payment on the effective date (paid)
- A \$50,000 option payment on the date which BCCo enters into a binding agreement with a third party in connection with a transaction that will result in shareholders of BCCo holding shares in a reporting issuer as defined under Canadian securities laws that is listed on a recognized Canadian stock exchange (paid)
- A \$75,000 option payment on or before the second anniversary of the effective date
- A \$150,000 option payment on or before the third anniversary of the effective date

Expenditures

- Incurring \$150,000 in expenditures on or before the first anniversary of the effective date
- Incurring an additional \$200,000 in expenditures or before the second anniversary of the effective date
- Incurring an additional \$350,000 in expenditures or before the third anniversary of the effective date

6. EXPLORATION AND EVALUATION (Continued)

Atlin West Property (Continued)

Option Shares

- 3,000,000 Option Shares on the signing of a go public agreement (issued)
- 2,500,000 Option Shares on the second anniversary of the Effective Date
- 2,500,000 Option Shares on the third anniversary of the Effective Date

The Company has not been able to fulfil the expenditure requirement of incurring \$150,000 on or before the first anniversary of the effective date. Cloudbreak has agreed to allow the Company to hold onto this option until further notice, however, Cloudbreak still has the legal right to serve a notice of default at any time in which the Company has 30 days to remediate before the option agreement is terminated.

Rizz and Icefall Properties

On August 29, 2022, the Company has acquired all of the issued and outstanding common shares of 1311516 B.C. Ltd. ("1311516") a private company incorporated under the laws of the Province of British Columbia, whose sole assets are option agreements dated February 25, 2022 and March 3, 2022 (the "Option Agreements") with Cloudbreak Discovery PLC ("Cloudbreak") and Cloudbreak Discovery (Canada) Ltd. (together with Cloudbreak, the "Optionor"), whereby 1311516 has the option (the "Option") to acquire a 75% interest in certain mineral claims in the Province of British Columbia (the "Rizz Project" and the "Icefall Project").

As consideration for the Transaction, the Company issued an aggregate of 46,200,000 common shares in the capital of the Company (the "Common Shares"), at a price of \$0.02 per Common Share, being the closing market price on the date of closing, to the Vendors. Upon close of the Transaction, 1311516 became a wholly owned subsidiary of the Company and the Company assumed all obligations owing to the Optionor under the Option Agreements.

As the only material asset of 1311516 is the mining option agreement described below, the acquisition does not meet the definition of a business combination and has been accounted for as an asset acquisition

Under the terms of the Rizz Option Agreement, 1311516 may exercise the Rizz Option to acquire a 75% interest in the Rizz Project upon payment of an aggregate of \$120,000 in cash payments (the "Rizz Option Payments") and incurring an aggregate of \$750,000 in expenditures (the "Rizz Expenditures") on the Rizz Project as follows:

Option Payments

- a \$25,000 Rizz Option Payment on February 25, 2022 (paid);
- a \$25,000 Rizz Option Payment on a go-public transaction;
- a \$20,000 Rizz Option Payment on or before the first anniversary of the Rizz Effective Date and;
- a \$50,000 Rizz Option Payment on or before the second anniversary of the Rizz Effective Date and

Expenditures

- incurring \$50,000 in Rizz Expenditures on or before the first anniversary of the Rizz Effective Date
- incurring an additional \$200,000 in Rizz Expenditures or before the second anniversary of the Rizz Effective Date; and
- incurring an additional \$500,000 in Rizz Expenditures or before the third anniversary of the Rizz Effective Date.

6. EXPLORATION AND EVALUATION (Continued)

Rizz and Icefall Properties (Continued)

Under the terms of the Icefall Option Agreement, 1311516 may exercise the Icefall Option to acquire a 75% interest in the Icefall Project upon payment of an aggregate of \$120,000 in cash payments (the "Icefall Option Payments") and incurring an aggregate of \$700,000 in expenditures (the "Icefall Expenditures") on the Icefall Project as follows:

Option Payments

- a \$25,000 Icefall Option Payment on March 3, 2022 (paid);
- a \$25,000 Icefall Option Payment on a go-public transaction;
- a \$20,000 Icefall Option Payment on or before the first anniversary of the Icefall Effective Date and;
- a \$50,000 Icefall Option Payment on or before the second anniversary of the Icefall Effective Date

7. SHARE CAPITAL

a) Authorized, issued and outstanding

An unlimited number of common shares without par value. As at January 31, 2023, the Company has 119,560,560 common shares outstanding.

On August 29, 2022 the Company issued 46,200,000 common shares in the capital of the Company, at a price of \$0.02 per Common Share, to acquire the Rizz and Icefall properties (note 6).

On April 6, 2022, the Company issued 600,000 common shares in the capital of the Company, at a price of \$0.035 per Common Share, in connection to the Muddy Gullies property option agreement (note 6).

On December 23, 2021, the Company issued 24,000,000 common shares in the capital of the Company at a deemed price of \$0.035 per Common Share, to acquire the Atlin West property (note 6).

On June 21, 2021, the Company closed a non-brokered private placement through the issuance of 19,999,998 units ("Unit") at a price of \$0.06 per Unit for aggregate gross proceeds of \$1,200,000 (the "Placement"). Each Unit is comprised of one common share ("Common Share") in the capital of the Company and one Common Share purchase warrant ("Warrant") of the Company. Each Warrant shall entitle the holder thereof to acquire one Common Share at a price of \$0.12 per Common Share for a period of three (3) years from the closing date (the "Closing Date") of the Placement. All securities issued pursuant to the Placement will be subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable securities legislation. The Company paid a finder's fee commission of \$32,940 and issued 549,000 broker warrants. Net proceeds of the Placement will be used for general working capital purposes. The Company used the fair value approach to calculate the fair value allocation between common shares and share purchase warrants. The Company has calculated the fair value of the warrants issued of \$525,736 using the Black-Scholes valuation model with the variables in Note 7b, which is recorded in contributed surplus.

POWER GROUP PROJECTS CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended October 31, 2023
(Expressed in Canadian dollars – unaudited)

7. SHARE CAPITAL (Continued)

a) *Authorized, issued and outstanding*

On April 13, 2021 the Company issued 11,700,000 common shares in the capital of the Company, at a deemed price of \$0.07 per Common Share, to acquire the Muddy Gullies property (note 6).

On April 13, 2021 the Company issued 1,200,000 common shares in the capital of the Company, at a deemed price of \$0.07 per Common Share, for the anniversary share payments for the Muddy Gullies property (note 6).

b) *Warrants*

A summary of the changes in the share purchase warrants for the period ended October 31, 2023 compared to the period ended October 31, 2022 are as follows:

	Number	Weighted Average Exercise Price
Balance at January 31, 2021	-	-
Issued in private placement	19,999,998	\$0.12
Issued as brokers warrants	549,000	\$0.12
Balance at January 31, 2022	20,548,998	\$0.12
Balance at January 31 and October 31, 2023	20,548,998	\$0.12
Exercisable at January 31 and October 31, 2023	20,548,998	\$0.12

The fair value of warrants granted is estimated on the grant date using the Black-Scholes option-pricing model using the following variables:

	October 31, 2023	October 31, 2022
Risk-free interest rate	-	0.62%
Expected warrant life in years	-	3.00
Expected stock price volatility	-	186.6%
Expected dividend rate	-	0%
Exercise price	-	\$0.12
Fair value per warrant	-	\$0.08
Stock price at grant date	-	\$0.09

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For the three months ended October 31, 2023
(Expressed in Canadian dollars – unaudited)

7. SHARE CAPITAL (Continued)

c) Stock Options

The Company has a fixed stock option plan which follows the policies of the TSX-V regarding stock option awards granted to directors, officers, employees and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan. The options can be granted for a maximum of 5 years and vest as determined by the Board of Directors.

On April 13, 2021 (the "Grant Date"), the Company has granted stock options (collectively, the "Options") to management and consultants to purchase up to 1,500,000 common shares of the Company (each, a "share"), pursuant to the Company's Stock Option Plan. The Options are exercisable at an exercise price of \$0.10 per share and are valid for a period of five years from the Grant Date. Options vest: (i) 25% shall vest on the date that is six months from the Grant Date; (ii) 25% shall vest on the first anniversary of the Grant Date; (iii) 25% shall vest on the date that is eighteen months from the Grant Date; and (iv) 25% shall vest on the second anniversary of the Grant Date. On June 21, 2021, the Company granted an additional 200,000 options to a consultant with the same vesting and expiry terms as the aforementioned April 13, 2021 grant.

During the period ended October 31, 2023, the Company recognized a share-based compensation expense of \$15,128 (2022 – \$3,530) representing the fair value of options granted and vested. The fair value of options granted is estimated on the grant date using the Black-Scholes option-pricing model using the following weighted-average variables:

	October 31, 2023	October 31, 2022
Risk-free interest rate	-	0.94-0.97%
Expected option life in years	-	5.00
Expected stock price volatility	-	162.3%
Expected dividend rate	-	0%
Exercise price	-	\$0.10
Weighted average fair value per option	-	\$0.07
Stock price at grant date	-	\$0.08

Stock options for the period ended October 31, 2023 and 2022 are:

	Number	Weighted Average Exercise Price
Balance at January 31, 2021	-	-
Granted	1,700,000	\$0.10
Balance at January 31, 2022	1,700,000	\$0.10
Expired/forfeited	(200,000)	\$0.10
Balance at January 31 and October 31, 2023	1,500,000	\$0.10
Exercisable at January 31 and October 31, 2023	1,400,000	\$0.10

POWER GROUP PROJECTS CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended October 31, 2023
(Expressed in Canadian dollars – unaudited)

7. SHARE CAPITAL (Continued)

c) Stock Options (Continued)

	October 31, 2023	October 31, 2022
Risk-free interest rate	-	0.94-0.97%
Expected option life in years	-	5.00
Expected stock price volatility	-	162.3%
Expected dividend rate	-	0%
Exercise price	-	\$0.10
Weighted average fair value per option	-	\$0.07
Stock price at grant date	-	\$0.08

Compensation costs attributable to the granting and vesting of share options are measured at fair value and expensed with a corresponding increase to contributed surplus. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

8. RELATED PARTY TRANSACTIONS

Related parties include key management personnel and companies under the control of key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board and corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer.

On October 31, 2023, included in accounts payable and accrued liabilities is \$81,000 (January 31, 2023 – \$17,850) owing to companies controlled by either a director or an officer. These amounts payable are non-interest bearing, unsecured and have neither specific terms nor a date of repayment.

During the period ended October 31, 2023 and 2022, key management compensation consisted of the following:

For the periods ended	October 31, 2023	October 31, 2022
Consulting and management fees	\$ 81,000	\$ 109,000
Share-based compensation	3,386	29,528
	\$ 84,386	\$ 138,528