

# GSP RESOURCE CORP.

Financial Statements  
(Expressed in Canadian Dollars)

Years ended May 31, 2024 and 2023

To the Shareholders of GSP Resource Corp.:

## Opinion

We have audited the financial statements of GSP Resource Corp. (the "Company"), which comprise the statements of financial position as at May 31, 2024 and May 31, 2023, and the statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2024 and May 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company had deficit as at May 31, 2024 and is dependent on its ability to receive continued financial support from its investors or to obtain public equity financing. As stated in Note 1 these events or conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

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

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

## *Assessment of Impairment Indicators of Exploration and Evaluation Assets*

### *Key Audit Matter Description*

The net book value of exploration and evaluation assets amounted to \$2,580,626 as at May 31, 2024. At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, an impairment test is performed to estimate the asset's recoverable amount. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Management assesses exploration and evaluation expenditures for impairment based on the following indicators: (i) the period for which the entity has the right to explore in the specific area has expired during the year or will expire in the near future; (ii) substantive expenditure on further exploration for an evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) sufficient data exists to determine that extracting the resources will not be technically feasible or commercially viable; and (iv) other facts and circumstances that suggest that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at May 31, 2024.

We considered this a key audit matter due to the significance of the exploration and evaluation assets and the significant judgments made by management in their assessment of impairment indicators related to exploration and evaluation assets, and these have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

Refer to Note 3 and Note 5 exploration and evaluation assets.

### *Audit Response*

We responded to this matter by performing procedures in relation to the assessment of impairment indicators of exploration and evaluation assets. Our audit work in relation to this included, but was not restricted to, the following:

- Assessed the judgments made by management in determining the impairment indicators, which included the following:
  - Obtained evidence to support the existence of the right to explore the area and the claim expiration by reference to public government registries;
  - Evaluated budget approvals, relevant agreements and board minutes to obtain evidence of continuing and planned exploration expenditures, including evaluations of the work completed in the current year; and
  - Assessed whether there are any indications that extracting resources will not be technically feasible or commercially viable, or if other facts and circumstances exist that may suggest the carrying amount exceeds the recoverable amount, based on evidence obtained in other areas of the audit.
- Assessed the appropriateness of the related disclosures in Note 3 and Note 5 of the financial statements.

## Other Information

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

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

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Vancouver, British Columbia  
September 27, 2024

*MNP LLP*

Chartered Professional Accountants

## GSP RESOURCE CORP.

Statements of Financial Position  
Expressed in Canadian dollars

<b>As at May 31</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	135,408	189,063
GST and other receivable	11,710	6,594
Marketable securities (Note 5)	4,500	5,600
Prepaid expenses	15,157	9,897
<b>Total current assets</b>	<b>166,775</b>	<b>211,154</b>
<b>Reclamation bond (Note 4)</b>	<b>27,000</b>	<b>27,000</b>
<b>Exploration and evaluation assets (Note 5)</b>	<b>2,580,626</b>	<b>2,161,812</b>
<b>Total assets</b>	<b>2,774,401</b>	<b>2,399,966</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	87,121	67,309
Due to related parties (Note 7)	3,330	1,000
Share subscription received in advance	-	108,000
<b>Total liabilities</b>	<b>90,451</b>	<b>176,309</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital (Note 6)</b>	<b>4,101,427</b>	<b>3,304,141</b>
<b>Reserves (Note 6)</b>	<b>785,426</b>	<b>564,469</b>
<b>Deficit</b>	<b>(2,202,903)</b>	<b>(1,644,953)</b>
<b>Total shareholders' equity</b>	<b>2,683,950</b>	<b>2,223,657</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,774,401</b>	<b>2,399,966</b>

Note 1 – Nature and continuance of operations and going concern

Note 8 – Commitments

These financial statements are authorized for issue by the Board of Directors on September 27, 2024.

They are signed on the Company's behalf by:

"Simon Dyakowski"  
Director

"Chris Dyakowski"  
Director

The accompanying notes are an integral part of these financial statements

## GSP RESOURCE CORP.

Statements of Loss and Comprehensive Loss  
Expressed in Canadian dollars, except for number of shares

	Year ended May 31, 2024	Year ended May 31, 2023
	\$	\$
<b>General and administrative expenses</b>		
Stock based compensation (Note 6)	147,800	27,650
Management fees (Note 7)	120,000	130,000
Professional fees	84,211	55,653
Business development	81,497	12,000
Regulatory and transfer agent fees	44,639	23,005
Shareholder information	38,191	7,500
Office and miscellaneous	12,811	5,624
Rent	9,000	9,250
Insurance	7,500	7,500
Investor relations	5,000	-
Travel and promotion	4,594	2,811
Website	1,513	4,575
Loss before income taxes and other income (losses)	556,756	285,568
Interest income	1,106	93
Federal taxes, interest, and penalties	-	(2,071)
Fair value adjustments on marketable securities	(2,300)	(1,400)
<b>Net loss and comprehensive loss for the year</b>	<b>557,950</b>	<b>288,946</b>
<b>Basic and diluted loss per share</b>	<b>(0.02)</b>	<b>(0.01)</b>
<b>Weighted average number of common shares</b>		
- Basic and diluted	27,451,361	21,448,193

The accompanying notes are an integral part of these financial statements

## GSP RESOURCE CORP.

Statements of Cash Flows  
Expressed in Canadian dollars

	Year ended May 31, 2024	Year ended May 31, 2023
	\$	\$
<b>Operating activities</b>		
Net loss for the year	(557,950)	(288,946)
Items not affecting cash		
Fair value adjustments on marketable securities	2,300	1,400
Stock based compensation	147,800	27,650
Changes in non-cash working capital items:		
GST and other receivable	(5,116)	(348)
Prepaid expense	(5,260)	(372)
Accounts payable and accrued liabilities	(23,926)	52,016
Due to related parties	2,330	(5,086)
<b>Net cash flows used in operating activities</b>	<b>(439,822)</b>	<b>(213,686)</b>
<b>Investing activities</b>		
Exploration and evaluation assets investments	(324,276)	(66,367)
Option payments received	20,000	-
<b>Net cash flows used in investing activities</b>	<b>(304,276)</b>	<b>(66,367)</b>
<b>Financing activities</b>		
Share subscriptions received in advance	-	108,000
Common shares issued for cash, net of share issue costs (Note 6)	690,443	121,000
<b>Net cash flows provided by financing activities</b>	<b>690,443</b>	<b>229,000</b>
<b>(Decrease) in cash</b>	<b>(53,655)</b>	<b>(51,053)</b>
<b>Cash, beginning of year</b>	<b>189,063</b>	<b>240,116</b>
<b>Cash, end of year</b>	<b>135,408</b>	<b>189,063</b>
<b>Supplemental Cash Flow Information:</b>		
Shares issued for property	(72,000)	(42,000)

The accompanying notes are an integral part of these financial statements

**GSP RESOURCE CORP.**

## Statements of Changes in Equity

Expressed in Canadian dollars, except for number of shares

	Common shares		Reserves	Deficit	Total
	Number	Amount			
		\$	\$	\$	\$
Balance, May 31, 2022	20,677,440	3,148,704	529,256	(1,356,007)	2,321,953
Flow-through units issued for cash (Note 6)	1,512,500	113,437	7,563	-	121,000
Shares issued for mineral property (Notes 5, 6)	400,000	42,000	-	-	42,000
Stock based compensation (Notes 6e)	-	-	27,650	-	27,650
Net loss and comprehensive loss for the year	-	-	-	(288,946)	(288,946)
Balance May 31, 2023	22,589,940	3,304,141	564,469	(1,644,953)	2,223,657
Shares issued pursuant to private placement	3,000,000	348,141	4,160	-	352,301
Flow through shares issued for cash (Note 6)	1,165,233	189,205	47,320	-	236,525
Flow through shares issued for cash (Note 6)	1,741,682	178,565	21,677	-	200,242
Shares issued pursuant to exercise of warrants	62,500	9,375	-	-	9,375
Shares issued for mineral property (Note 5, 6)	933,332	72,000	-	-	72,000
Stock based compensation (Note 6e)	-	-	147,800	-	147,800
Net loss and comprehensive loss for the year	-	-	-	(557,950)	(557,950)
Balance, May 31, 2024	29,492,687	4,101,427	785,426	(2,202,903)	2,683,950

The accompanying notes are an integral part of these financial statements

# GSP RESOURCE CORP.

Notes to Financial Statements

For the Years Ended May 31, 2024 and 2023

Expressed in Canadian dollars

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## 1. Nature and Continuance of Operations and Going Concern

GSP Resource Corp. (the “Company”) was incorporated on February 19, 2018, under the Business Corporations Act (British Columbia) under the name GSP Resource Corp. The Company’s principal business activity is the exploration of mineral properties. The Company currently conducts substantially all of its operations in Canada in one business segment.

The head office and principal address of the Company is located at 1030 – 505 Burrard Street, Vancouver, B.C., V7Y M53, PO Box 55.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and exploration costs is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

These financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company emphasises that attention should be drawn to matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, the most significant of these being the Company's ability to carry out its business objectives dependent on the Company's ability to receive continued financial support from investors, to obtain public equity financing, or to generate profitable operations in the future. Other uncertainties include the fact that the Company is currently in the exploration stage for its interests in the Olivine Mountain and Alwin properties in British Columbia, Canada (see Note 5), the economic viability of which have not been fully assessed. The Company has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of capitalized costs on the Olivine Mountain and Alwin properties is uncertain and dependent upon projects achieving commercial production or sale. The outcome of these matters cannot be predicted at this time. The Company is considering a number of alternatives to secure additional capital including obtaining funding facilities or equity financings. Although management intends to secure additional financing, there is no assurance management will be successful or that it will establish future profitable operations.

	2024	2023
Deficit	\$ (2,202,903)	\$ (1,644,953)
Working capital	\$ 76,324	\$ 34,845

If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such amounts would be material.

## 2. Material Accounting Policies

### Basis of presentation

The financial statements have been prepared in accordance with International Accounting Standard (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

## **GSP RESOURCE CORP.**

Notes to Financial Statements

For the Years Ended May 31, 2024 and 2023

Expressed in Canadian dollars

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### **2. Material Accounting Policies (cont'd...)**

The financial statements were approved by the Board of Directors of the Company on September 27, 2024.

#### **Adoption of new accounting standards**

The new standards, or amendment to standards and interpretations that were adopted by the Company, effective June 1, 2023, are as follows:

##### Disclosure of Accounting Policies (Amendments to IAS 1)

The IASB has issued amendments to IAS 1 Presentation of Financial Statements which require entities to disclose their “material” accounting policy information rather than their “significant” accounting policies. The amendments explain that accounting policy information is material if omitting, misstating; or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on, the basis of, those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. The adoption of this amendment did not have a material impact on the Company’s financial statements.

#### **New accounting standards issued but not yet effective**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC; however, none have been identified as applicable or consequential to the Company.

#### **Cash**

Cash consists of cash on hand and deposits in banks with no restrictions. Cash equivalents include money market instruments that are readily convertible to cash and have maturities at the date of purchase of less than ninety days. There were no cash equivalents as of May 31, 2024 and 2023.

#### **Marketable securities**

Marketable securities consist of common shares of publicly traded companies listed on the TSX Venture Exchange. Marketable securities are classified as FVTPL and are recorded at their fair values using quoted market prices at the statement of financial position date. Subsequent revaluation resulting in unrealized gains or losses is recorded in the statements of loss and comprehensive loss.

#### **Exploration and evaluation assets**

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a license to explore an area has been secured, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of exploration and evaluation assets. Such costs include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. Once commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

#### **Reclamation bond**

Reclamation bonds are required by the British Columbia Ministry of Energy and Mines and are represented by Guaranteed Interest Certificates (“GIC”) held in the Company’s name at a bank. The reclamation bonds cannot be withdrawn by the Company without the consent of the Ministry of Natural Resources.

## **GSP RESOURCE CORP.**

Notes to Financial Statements

For the Years Ended May 31, 2024 and 2023

Expressed in Canadian dollars

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### **2. Material Accounting Policies (cont'd...)**

#### **Asset retirement obligation**

Provisions for the decommissioning, restoration and rehabilitation are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of capital will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. Upon initial recognition of the liability, the corresponding costs are added to the carrying amount of the related asset and amortized as an expense, using a systematic method, over the economic life of the asset. Following initial recognition of the asset retirement obligation, the carrying amount of the liability is adjusted annually for the passage of time and changes to the amount or timing of the underlying cash flows needed to settle the obligation. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts. The Company does not have any asset retirement obligation as of May 31, 2024 and 2023.

#### **Mining exploration tax credit**

Mining tax credits are recorded as a reduction of the related deferred exploration expenditures upon receipts from the Canada Revenue Agency ("CRA"). These non-repayable mining credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration expenditures.

#### **Related party transactions**

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

#### **Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

#### **Share based payments**

Share based payments to directors, officers and consultants are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received. The corresponding amount is recorded to the reserves. The Company applies the fair value method of accounting for share-based payments and the fair value is calculated using the Black-Scholes option pricing model.

## **GSP RESOURCE CORP.**

Notes to Financial Statements

For the Years Ended May 31, 2024 and 2023

Expressed in Canadian dollars

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### **2. Material Accounting Policies (cont'd...)**

#### **Loss per share**

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as the outstanding options and warrants are anti-dilutive.

#### **Flow-through shares**

Flow-through shares expenditure deductions for income tax purposes related to exploratory activities funded by flow-through equity instruments are renounced to investors in accordance with income tax legislation. The proceeds from issuance are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A flow through share premium liability is recognized for this difference and included in deferred tax recovery at the time the qualifying expenditures are made. In the case that the Company does not issue non flow-through units together with the flow-through units, the flow-through share premium is determined by using the residual method, whereby the fair value of warrants will be valued based on the Black-Scholes option-pricing model, and the flow-through share premium equal to any residual balance after the fair market price of the common shares and fair value of warrants.

A deferred tax liability equal to the tax value of flow-through expenditures renounced is recognized once the Company has fulfilled its obligations associated with the renunciation of related flow-through expenditures. In respect of a retrospective renunciation, such obligation is considered to have been fulfilled when eligible expenditures have been incurred and management establishes the intent to make renunciation filings with the appropriate taxation authorities. In respect of prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

The Company may also 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.

#### **Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent it relates to items recognized directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss), and does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

## **GSP RESOURCE CORP.**

Notes to Financial Statements

For the Years Ended May 31, 2024 and 2023

Expressed in Canadian dollars

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### **2. Material Accounting Policies (cont'd...)**

#### **Income taxes (cont'd...)**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

#### **Financial instruments**

##### Financial assets

The Company classifies its financial assets in the following categories:

- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI)
- Amortized cost

The determination of the classification of financial assets is made at initial recognition. Marketable securities that are held for trading are classified as FVTPL.

The Company's accounting policy for each of the categories is as follows:

##### Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statements of loss and comprehensive loss.

##### Financial assets at FVTOCI

Financial assets carried at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive loss.

##### Financial assets at amortized cost

A financial asset is measured at amortized cost if the objective is to hold the financial asset for the collection on contractual cash flows and the asset's contractual cash flows are comprised solely of payments of principal and interest. The financial asset is classified as current or non-current based on its maturity date and is initially recognized at fair value and subsequently carried at amortized cost less any impairment.

##### Impairment of financial assets at amortized cost

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

## **GSP RESOURCE CORP.**

Notes to Financial Statements  
For the Years Ended May 31, 2024 and 2023  
Expressed in Canadian dollars

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### **2. Material Accounting Policies (cont'd...)**

#### **Financial instruments (cont'd...)**

##### Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred.

The Company's accounting policy for each category is as follows:

##### Financial liabilities at FVTPL

This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

##### Financial liabilities at amortized cost

This category includes accounts payable and accrued liabilities and due to related parties, which are recognized at amortized cost using the effective interest method:

The effective interest method calculates the amortized cost of a financial liability and allocates interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial liability, or, where appropriate, a shorter period.

Transaction costs in respect of financial liabilities at fair value through profit or loss are recognized in the statements of loss and comprehensive loss immediately while transaction costs associated with other financial liabilities are included in the initial measurement of the financial liability.

### **3. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure. 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.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Significant areas where management's judgment has been applied include:

- **Impairment of exploration and evaluation assets (E&E assets)**  
In accordance with the Company's accounting policy, the Company's E&E assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, metal prices, future plans for the Company's mineral properties, and mineral resources and/or reserve estimates.

## **GSP RESOURCE CORP.**

Notes to Financial Statements

For the Years Ended May 31, 2024 and 2023

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### **3. Significant accounting judgments and estimates (cont'd...)**

Management has assessed for impairment indicators for the Company's E&E assets as of May 31, 2024 and 2023 and has concluded that no indicators of impairment were identified, and the Company plans to continue with its objective to pursue exploration with the intent of advancing to development if the exploration proves successful.

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

Significant areas requiring the use of management estimates and assumptions include:

- **Fair value calculation of stock-based compensation**  
The fair value of share-based payments in relation to the agent warrants and options granted is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry average and future forecasts.
- **Current and deferred tax taxation**  
The determination of income tax expense and the composition of deferred tax assets and liabilities involves judgement and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgements and estimates may materially affect the final amount of current and deferred tax provisions, deferred income tax assets and liabilities, and result of operations.

### **4. Reclamation bond**

As of May 31, 2024, two reclamation bonds in the total amount of \$27,000 (May 31, 2023 - \$27,000), plus accrued interest if any, is held with the British Columbia Ministry of Energy and Mines. The two bonds are held with Bank of Montreal with interest rate of prime less 2.95%.

### **5. Exploration and Evaluation Assets**

#### **Alwin Property, Kamloops Mining Division, British Columbia**

On January 30, 2020 (as amended November 27, 2020, December 16, 2022, June 29, 2023, February 01, 2024 and July 30, 2024), the Company entered into an option agreement to acquire a 100% interest in 9 mining claims located in the Similkameen Mining District of British Columbia. To acquire the 100% interest, the Company must make cash payments of \$200,000 (of which \$75,000 is paid as of May 31, 2024), and issue 4,833,332 of the Company's common shares (of which 1,933,332 are issued as of May 31, 2024) as follows:

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**5. Exploration and Evaluation Assets (cont'd...)****Alwin Property, Kamloops Mining Division, British Columbia (cont'd...)**

Date	Cash	Shares
Upon receipt of TSX Venture Exchange approval of the Option Agreement (the "Approval Date") (paid and issued)*	\$ 25,000	200,000
On or before 1 <sup>st</sup> Anniversary of the Approval Date (paid and issued)	\$ 25,000	200,000
On or before 2 <sup>nd</sup> Anniversary of the Approval Date (paid and issued)	\$ 25,000	300,000
On or before 3 <sup>rd</sup> Anniversary of the Approval Date (issued)	-	400,000
On or before August 5, 2023 (issued)	-	333,332
On or before 4 <sup>th</sup> Anniversary of the Approval Date (issued)	-	500,000
On or before 5 <sup>th</sup> Anniversary of the Approval Date	\$ 125,000	900,000
On or before the earlier of a bankable feasibility study and the 8 <sup>th</sup> Anniversary of the Approval Date	-	2,000,000
	\$ 200,000	4,833,332

\*Approval date is February 11, 2020.

During the term of the option, the Company is required to keep the claims in good standing. These claims are also subject to a 1.8% Gross Smelter Return ("GSR") Royalty to the Optionors. The Company has the option to repurchase 0.8% GSR Royalty for \$1,500,000, leaving the Optionors with a 1% GSR Royalty.

**Olivine Mountain Property, Similkameen Mining Division, British Columbia**

On February 23, 2018 (as amended October 17, 2019, and further amended December 24, 2019), the Company entered into an option agreement to acquire a 100% interest in 25 mining claims located in the Similkameen Mining District of British Columbia. To acquire the 100% interest, the Company must make cash payments of \$80,000 (of which \$80,000 is paid), issue 275,000 of the Company's common shares (of which 275,000 are issued) and incur aggregate minimum exploration expenditure of \$300,000 on the Olivine Property (all of which has been incurred) as follows:

	Cash	Shares	Minimum Exploration Expenditures
Within 10 days after execution and delivery of the Agreement (paid)	\$ 15,000	-	-
Within 10 days of the Listing Date, (paid and issued)	\$ 20,000	200,000	-
Six-month anniversary of the Listing Date (paid)	\$ 20,000	-	-
Fifteenth-month anniversary of the Listing Date (issued and incurred)	-	75,000	\$100,000
Twenty-fourth month anniversary of the Listing Date (incurred)	-	-	\$200,000
Thirtieth month anniversary of the Listing Date (paid)	\$ 25,000	-	-
	\$ 80,000	275,000	\$300,000

During the term of the option, the Company is required to keep the claims in good standing.

These claims are also subject to a 2% Net Smelter Return ("NSR") Royalty payable commencing from the date upon which the Property is put into commercial production, 100% of which can be acquired at a purchase price of \$1,000,000 for each one-half (50%) of the NSR Royalty, leaving the Optionor with no NSR Royalty after payment of \$2,000,000.

## **GSP RESOURCE CORP.**

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### **5. Exploration and Evaluation Assets (cont'd...)**

#### **Olivine Mountain Property, Similkameen Mining Division, British Columbia (cont'd...)**

##### Agreement with Full Metal Minerals Ltd.

The TSX Venture Exchange accepted for filing an option agreement dated February 24, 2020 (as amended on Jul. 30, 2020, Aug. 28, 2020, Dec. 15, 2020, Feb. 1, 2021, March 12, 2021 and April 15, 2023), between Full Metal Minerals Ltd. and the Company, whereby Full Metal Minerals Ltd. has been granted an option to acquire 60 per cent of the Company's right, title and interest in and to the Olivine Mountain property in British Columbia for consideration in the amount of \$535,000 in cash (of which \$110,000 is paid) and the issuance of 380,000 shares (of which 200,000 are issued) over four years. The exploration expenditures will be \$1,125,000 over four years (of which \$75,000 is spent).

On April 15, 2023, the Company agreed to extend the terms of an option agreement between itself and Full Metal Minerals Ltd., whereby for consideration in the amount of \$20,000 and the issuance to the Company of 30,000 Full Metal Minerals Ltd. common shares (both of which were received during the year ended May 31, 2024), the Company agreed to extend certain terms of payment and exploration expenditure commitments.

During the year ended May 31, 2024, the Company received 30,000 Full Metal Minerals Ltd. common shares at a fair value of \$1,200 as partial consideration for the disposition of Olivine Property. As of May 31, 2023, the Company held 70,000 shares at a fair value of \$5,600. As of May 31, 2024, the fair value of the 100,000 common shares of Full Metal Minerals Ltd. was \$4,500. During the year ended May 31, 2024, the Company recorded a fair value adjustment of \$2,300.

#### **Mer Claims Kamloops Mining Division, British Columbia**

On April 15, 2024, the Company entered into an acquisition agreement to acquire a 100% interest in the Mer Claims in the Highland Valley Copper Camp of British Columbia. The two Mer claims are comprised of 185 hectares in the Kamloops Mining Division. To acquire the 100% interest, the Company paid a cash payment of \$10,000 and issued 100,000 of the Company's common shares. The Claims are subject to a 1.0% Net Smelter Return ("NSR") Royalty. The Company has the option to repurchase the 1.0% NSR Royalty for \$500,000.

**GSP RESOURCE CORP.**

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**5. Exploration and Evaluation Assets (cont'd...)**

Exploration and Evaluation assets can be summarized as follow:

	2022	Additions	2023	Additions	2024
	\$	\$	\$	\$	\$
<b>Acquisition costs</b>					
<b>Alwin Project</b>					
Property option payments - cash	75,000	42,000	117,000	-	117,000
Property option payments - shares	150,500	-	150,500	60,000	210,500
	225,500	42,000	267,500	60,000	327,500
<b>Mer Claims</b>					
Property option payments - cash	-	-	-	10,000	10,000
Property option payments - shares	-	-	-	12,000	12,000
	-	-	-	22,000	22,000
<b>Olivine Property</b>					
Property option payments - cash	80,000	-	80,000	-	80,000
Property option payments - shares	49,250	-	49,250	-	49,250
Other claims - cash	991	-	991	-	991
Option payments received	(107,175)	-	(107,175)	(21,200)	(128,375)
	23,066	-	23,066	(21,200)	1,866
<b>Total acquisition costs</b>	<b>248,566</b>	<b>42,000</b>	<b>290,566</b>	<b>60,800</b>	<b>351,366</b>
<b>Exploration costs</b>					
<b>Alwin Project</b>					
Drilling	826,218	-	826,218	151,215	977,433
Environmental consulting	1,230	-	1,230	-	1,230
Fieldwork	21,250	-	21,250	-	21,250
Geological consulting	302,382	62,768	365,150	188,888	554,038
Laboratory and analysis	96,437	-	96,437	-	96,437
Technical consulting	157,222	2,900	160,122	-	160,122
Travel, supplies and field expenses	34,739	699	35,438	19,976	55,414
	1,439,478	66,367	1,505,845	360,079	1,865,924
<b>Olivine Property</b>					
Airborne geophysical survey	85,000	-	85,000	-	85,000
Assessment report	8,564	-	8,564	-	8,564
Core cutting	8,050	-	8,050	-	8,050
Drilling	122,683	-	122,683	-	122,683
Fieldwork	7,609	-	7,609	-	7,609
Geological consulting	19,239	-	19,239	-	19,239
Geological survey	1,375	-	1,375	-	1,375
Laboratory analysis	69,002	-	69,002	-	69,002
Mobilization	8,467	-	8,467	-	8,467
Permitting	3,550	-	3,550	-	3,550
Project management	28,109	-	28,109	-	28,109
Road clearing	1,000	-	1,000	-	1,000
Soil sampling	36,315	-	36,315	-	36,315
Technical report	23,792	-	23,792	-	23,792
Travel supplies and field expenses	79,097	-	79,097	-	79,097
	501,852	-	501,852	-	501,852
Mining exploration tax credit	(136,451)	-	(136,451)	(2,065)	(138,516)
<b>Total exploration costs</b>	<b>1,804,879</b>	<b>66,367</b>	<b>1,871,246</b>	<b>358,014</b>	<b>2,229,260</b>
<b>Balance, end of year</b>	<b>2,053,445</b>	<b>108,367</b>	<b>2,161,812</b>	<b>418,814</b>	<b>2,580,626</b>

## **GSP RESOURCE CORP.**

Notes to Financial Statements

For the Years Ended May 31, 2024 and 2023

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### **6. Share Capital**

#### **a) Authorized:**

Unlimited number of common shares with no par value.

#### **b) Issued and Outstanding**

As of May 31, 2024, 29,492,687 (May 31, 2023 – 22,589,940) common shares with no par value were issued and outstanding.

During the fiscal year ended May 31, 2024, the Company issued common shares of the Company as follows:

- On April 22, 2024, the Company issued 100,000 common shares pursuant to the acquisition of Mer Claims at a fair value of \$0.12 per share for a total value of \$12,000.
- On February 2, 2024, the Company issued 500,000 common shares pursuant to the Alwin Property Option Agreement at a fair value of \$0.06 per share.
- On December 27, 2023, the Company issued 1,741,682 units at a price of \$0.12 per unit for gross proceeds of \$209,002. Each unit consists of one flow-through common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of \$0.20 per share for a period of two years. The Company paid aggregate cash finder's fees of \$8,760 and issued 73,001 non-transferable finder's warrants at fair value of \$4,260 to certain brokers on a portion of the private placement. The finder's warrants entitle the holder to purchase one non-flow-through common share of the Company at a price of \$0.12 per share for a period of two years.
- On October 5, 2023, the Company issued 1,165,233 units at a price of \$0.215 per unit for gross proceeds of \$250,525. Each unit consists of one flow-through common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of \$0.30 per share for a period of two years. The Company paid aggregate cash finder's fees of \$14,000 and issued 74,419 non-transferable finder's warrants at fair value of \$6,537 to certain brokers on a portion of the private placement. The finder's warrants entitle the holder to purchase one non-flow-through common share of the Company at a price of \$0.215 per share for a period of two years.
- On September 7, 2023, the Company issued 62,500 common shares pursuant to the exercise of warrants at \$0.15 per share for total proceeds of \$9,375.
- On July 12, 2023, the Company issued 333,332 common shares pursuant to the Alwin Property Option Agreement at a fair value of \$0.09 per share.
- On June 19, 2023, the Company closed a non-brokered private placement of 3,000,000 units at a price of \$0.12 per unit for gross proceeds of \$360,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.12 per share for a period of three years. The Company paid aggregate cash finder's fees of \$7,699 and issued 64,155 non-transferable finder's warrants at fair value of \$4,160 to certain brokers on a portion of the private placement. The finder's warrants have the same terms as the warrants.

## GSP RESOURCE CORP.

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### 6. Share Capital (cont'd...)

#### b) Issued and Outstanding (cont'd...)

During the fiscal year ended May 31, 2023, the Company issued common shares of the Company as follows:

- On December 28, 2022, the Company issued 1,512,500 units at a price of \$0.08 per unit for gross proceeds of \$121,000. Each unit consists of one flow-through common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of \$0.15 per share for a period of one year. The 1,512,500 Warrants were fair valued at \$7,563.
- On January 31, 2023, the Company issued 400,000 common shares pursuant to the Alwin Property (Note 5) at a fair value of \$0.105 per share.

#### c) Flow-through shares

On December 28, 2022, the Company issued 1,512,500 common shares on a flow through basis at a price of \$0.08 per share for gross proceeds of \$121,000. The Company renounced \$121,000 of the unspent funds under the look-back rules as of December 31, 2022. As of May 31, 2023, the Company has incurred approximately \$55,700 of qualified expenditures and has unspent funds in the amount of approximately \$65,300.

On October 5, 2023, the Company issued 1,165,233 common shares on a flow through basis at a price of \$0.215 per unit for gross proceeds of \$250,525. As of December 31, 2023, the Company had spent qualified expenditure of approximately \$220,525 and has unspent funds of \$30,000, which was renounced under the look-back rules. As of May 31, 2024, the Company has incurred all \$250,525 on qualified expenditures.

On December 27, 2023, the Company issued 1,741,682 common shares on a flow through basis at a price of \$0.12 per unit for gross proceeds of \$209,002. The Company renounced \$209,002 as unspent funds under the look-back rules as of December 31, 2023. As of May 31, 2024, the Company has incurred approximately \$87,500 on qualified expenditures and has unspent funds in the amount of approximately \$121,502.

#### d) Warrants

Warrants outstanding and exercisable as of May 31, 2024 are as follows:

<b>Number of warrants outstanding</b>	<b>Exercise price per warrant \$</b>	<b>Years to expiry</b>	<b>Expiry date</b>
561,998	0.50	0.12	July 14, 2024
150,000	0.50	0.23	August 24, 2024
1,450,000	0.15	0.58	December 28, 2024 <sup>1</sup>
582,617	0.30	1.35	October 5, 2025
74,419	0.215	1.35	October 5, 2025
870,841	0.20	1.58	December 27, 2025
73,001	0.12	1.58	December 27, 2025
3,064,155	0.12	2.05	June 19, 2026
6,827,031	0.19	1.41	

## GSP RESOURCE CORP.

Notes to Financial Statements  
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### 6. Share Capital (cont'd...)

#### d) Warrants (cont'd...)

<sup>1</sup> These warrants were originally expiring on December 28, 2023. On November 28, 2023, they were extended for a period of one year until December 28, 2024. All other conditions stayed unchanged. This change had no impact on the financial statements.

The following is a summary of warrant transactions:

	2024		2023	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Warrants outstanding, beginning of the year	3,557,832	0.33	4,013,835	0.35
Warrants exercised during the year	(62,500)	0.15	-	-
Warrants expired/cancelled during the year	(1,333,334)	0.45	(1,968,503)	0.295
Warrants issued during the year	4,665,033	0.16	1,512,500	0.15
<b>Warrants outstanding, end of the year</b>	<b>6,827,031</b>	<b>0.19</b>	<b>3,557,832</b>	<b>0.33</b>

As of May 31, 2024, the warrants have a weighted average remaining life of 1.41 years (May 31, 2023 – 0.54 years).

During the fiscal year ended May 31, 2024:

- On June 19, 2023, the Company closed a non-brokered private placement of 3,000,000 units, each unit consists of one common share of the Company and one common share purchase warrant. The Company issued an additional 64,155 non-transferable finder's warrants. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.12 per share exercisable on or before June 19, 2026.
- On September 7, 2023, 62,500 warrants, exercisable on or before December 28, 2023, were exercised at \$0.15 per common share for proceeds in the amount of \$9,375.
- On October 5, 2023, the Company closed a non-brokered private placement of 1,165,233 units, each unit consists of one common share of the Company and one-half common share purchase warrant. The Company issued an additional 74,419 non-transferable finder's warrants. Each full warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of \$0.30 per share exercisable on or before October 5, 2025, and each finder's warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of \$0.215 per share exercisable on or before October 5, 2025.
- On December 27, 2023, the Company closed a non-brokered private placement of 1,741,682 units, each unit consists of one common share of the Company and one-half common share purchase warrant. The Company issued an additional 73,001 non-transferable finder's warrants. Each full warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of \$0.20 per share exercisable on or before December 27, 2025, and each finder's warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of \$0.12 per share exercisable on or before December 27, 2025.
- On July 31, 2023, 1,333,334 warrants expired unexercised.

## GSP RESOURCE CORP.

Notes to Financial Statements  
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### 6. Share Capital (cont'd...)

#### d) Warrants (cont'd...)

The following assumptions were used in the Black-Scholes model to determine the fair value of the 64,155 finder warrants granted on June 19, 2023, the 74,419 warrants granted on October 5, 2023, and the 73,001 warrants granted on December 27, 2023, as follows:

	<b>2024</b>
Risk-free interest rate	3.91% - 4.75%
Expected dividend yield	-
Expected volatility	97.25%- 102.7%
Expected terms in years	2 - 3 years

During the fiscal year ended May 31, 2023:

- On November 16, 2022, 783,750 warrants exercisable at \$0.50 per share expired.
- On December 28, 2022, the Company issued 1,512,500 warrants pursuant to a flow through share unit offering. The fair value of 1,512,500 warrants issued was calculated using residual method for a fair value of \$7,365, which was recorded as reserve.
- On February 21, 2023, 1,184,753 warrants exercisable at \$0.16 expired unexercised.

#### e) Stock options

The Company's Plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares, provided that stock options in favour of any one individual may not exceed 5% of the issued and outstanding common shares, calculated at the date of the grant. No more than an aggregate of 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to all employees, and no more than an aggregate of 2% may be granted to all employees and/or consultants conducting investor relates activities. No stock option granted under the Plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

The exercise price of all stock options granted under the Plan must not be less than the Discounted Market Price (the last closing price of the listed shares before the date of the grant less the applicable discount), and the maximum term of each stock option may not exceed ten years. Vesting is provided at the discretion of the directors and once vested; options are exercisable at any time.

The following is a summary of stock option transactions for the years ended May 31, 2024 and 2023:

	<b>2024</b>		<b>2023</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
		<b>\$</b>		<b>\$</b>
Options outstanding, beginning of the year	1,890,000	0.22	1,790,000	0.24
Options expired/cancelled	(1,275,000)	0.18	(350,000)	0.21
Granted during the year	2,000,000	0.10	450,000	0.12
<b>Options outstanding, end of year</b>	<b>2,615,000</b>	<b>0.14</b>	<b>1,890,000</b>	<b>0.22</b>

## GSP RESOURCE CORP.

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### 6. Share Capital (cont'd...)

#### e) Stock options (cont'd ...)

Stock options outstanding and exercisable as of May 31, 2024 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price per option	Years to expiry	Expiry date
		\$		
50,000	50,000	0.20	0.35	October 4, 2024
75,000	75,000	0.12	0.71	February 14, 2025
100,000	100,000	0.10	1.21	August 16, 2025
490,000	490,000	0.32	1.21	August 17, 2025
900,000	900,000	0.10	4.21	August 16, 2028
1,000,000	1,000,000	0.10	4.59	January 2, 2029
2,615,000	2,615,000	0.14	3.51	

During the fiscal year ended May 31, 2024:

- On August 16, 2023, the Company granted 900,000 incentive stock options at \$0.10 per common share, exercisable on or before August 16, 2028. Of these, 750,000 options granted to directors, officers (Note 7) vested immediately. 150,000 options to certain consultants also vested immediately. The fair value of the options granted was calculated using Black-Scholes option pricing model for a cumulative total of \$63,800, which was recorded as stock-based compensation expense in the statements of loss and comprehensive loss.
- On August 16, 2023, the Company granted 100,000 incentive stock options at \$0.10 per common share, exercisable on or before August 16, 2025. The 100,000 options granted to Synergy Communications Capital Inc., a consultant providing investment relations services, vests quarterly over 12 months. The fair value of the options granted was calculated using Black-Scholes option pricing model for a total of \$5,000, which was recorded as stock-based compensation expense in the statements of loss and comprehensive loss.
- On January 2, 2024, the Company granted 1,000,000 incentive stock options at \$0.10 per common share, exercisable on or before January 2, 2029. Of these, 900,000 options granted to directors, officers (Note 7) and 100,000 options to certain consultants, vested immediately. The fair value of the options granted was calculated using Black-Scholes option pricing model for a total of \$79,000, which was recorded as stock-based compensation expense in the statements of loss and comprehensive loss.
- During the fiscal year ended May 31, 2024, the Company cancelled 75,000 incentive stock options, exercisable at \$0.20 per share on or before January 19, 2025, 300,000 incentive stock options exercisable at \$0.12 per share on or before February 14, 2025, and on November 29, 2023, 900,000 incentive stock options expired unexercised.

During the fiscal year ended May 31, 2023:

- During the fiscal year ended May 31, 2023, the Company cancelled 125,000 incentive stock options, exercisable at \$0.21 per share on or before November 15, 2023, 100,000 incentive stock options exercisable at \$0.20 per share on or before October 30, 2024, 75,000 exercisable at \$0.12 per share on or before February 14, 2025, and on September 25, 2022, 50,000 options exercisable at a price of \$0.36 per share expired unexercised.

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### 6. Share Capital (cont'd...)

#### e) Stock options (cont'd ...)

- On February 14, 2023, the Company granted 450,000 incentive stock options to consultants, vesting immediately and exercisable on or before February 14, 2025, at a price of \$0.12 per share. The fair value of the options granted was calculated using Black-Scholes option pricing model for a cumulative total of \$27,650, which was recorded as stock-based compensation expense in the statements of loss and comprehensive loss.

The following assumptions were used in the Black-Scholes model to determine the fair value of the options granted:

	2024	2023
Risk-free interest rate	4.12%	4.17%
Expected dividend yield	-	-
Expected volatility	105.6% - 108.38%	90.39%
Expected terms in years	2 years - 5 years	2 years

See Note 12 for stock options granted subsequent to May 31, 2024.

### 7. Related Party Balances and Transactions

During the year ended May 31, 2024, the Company had the following related party transactions and balances:

- (a) The Company entered into a consulting agreement, with Max Investments Inc. (a company controlled by Christopher Dyakowski, a Director and Chairman of the Board) to provide management services for \$2,500 per commencing April 1, 2021).

During the year ended May 31, 2024, the Company paid or accrued \$30,000 (2023 - \$30,000) to Max Investments Inc. Included in account payable and accrued liabilities as of May 31, 2024, is \$28,875 (May 31, 2023 - \$36,750).

- The Company paid \$3,500 (2023 - \$Nil) to Max Investments for onsite supervision of drilling activities related to the Alwin Property. Such amounts are included in Exploration and Evaluation Assets (Note 5).
  - Included in due to related parties as of May 31, 2024, is \$950 (May 31, 2023 - \$1,000) due to Christopher Dyakowski for expenses incurred on behalf of the Company.
- (b) The Company entered into a consulting agreement (the "CEO Agreement") with Simon Dyakowski, the Company's Chief Executive Officer to provide management services for \$7,500 per month commencing April 1, 2021. During the fiscal year ended May 31, 2024, the Company paid management fees in the amount of \$90,000 (2023 - \$100,000) to the Company's Chief Executive Officer. Included in account payable and accrued liabilities as of May 31, 2024, is \$Nil (May 31, 2023 - \$10,500).
- Included in due to related parties as of May 31, 2024, is \$2,380 (May 31, 2023 - \$Nil) due to Simon Dyakowski for expenses incurred on behalf of the Company.
- (c) Included in professional fees is \$28,000 (2023 - \$21,500) paid or payable to the Company's Chief Financial Officer (Kenneth Phillippe) for services rendered to the Company.

## GSP RESOURCE CORP.

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### 7. Related Party Balances and Transactions (cont'd...)

- Included in accounts payables and accrued liabilities as of May 31, 2024, is \$8,000 (May 31, 2023 - \$3,500).

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Stock options granted to Directors and Officers during the year ended May 31, 2024, were as follows:

- On August 16, 2023, the Company granted 1,000,000 incentive stock options at \$0.10 per common share, exercisable on or before August 16, 2028. Of these, 750,000 options granted to directors, officers (as below) vested immediately. 150,000 options to certain consultants also vested immediately. 100,000 options granted to Synergy Communications Capital Inc., a consultant providing investment relations services, vests quarterly over 12 months.
- On January 2, 2024, the Company granted 1,000,000 incentive stock options at \$0.10 per common share, exercisable on or before January 2, 2029, vesting immediately. Of these, 900,000 options were granted to directors and officers and 100,000 to consultants.

Directors and officers	Position	Expiry	Expiry
		January 2029	August 2028
		Number of options	Number of options
Simon Dyakowski	CEO & Director	300,000	200,000
Christopher Dyakowski	Director	200,000	150,000
Kenneth Phillippe	CFO	100,000	100,000
Jordan Trimble	Director	100,000	100,000
Justin Kates	Director	100,000	100,000
Rodney Stevens	Director	100,000	100,000
		900,000	750,000

### 8. Commitments

See Note 5 Exploration and Evaluation Assets and Note 7 Related Party Balances and Transactions.

### 9. Financial Instruments

#### *Fair value of financial instruments*

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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### **9. Financial Instruments (cont'd...)**

The Company's financial instruments consist of cash, marketable securities, accounts payable and accrued liabilities and due to related parties. The carrying value of cash, accounts payable and accrued liabilities and due to related parties are carried on the statements of financial position at amortized cost and the fair values of these financial instruments approximate their carrying value due to their short-term nature. Marketable securities are recorded at fair value based on the quoted market price in active markets at the recording date, which is consistent with Level 1 of the fair value hierarchy.

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, credit risk and interest rate risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. Refer to Note 1 for further details related to the ability of the Company to continue as a going concern.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of May 31, 2024, the Company had a cash balance of \$135,408 (2023 - \$189,063) to settle due to related parties, accounts payable and accrued liabilities of \$90,451 (2023 - \$68,309). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

#### *Credit risk*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company is exposed to credit-related losses in the event of non-performance by the counterparties. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

Cash is held with reputable banks in Canada. The long-term credit rating of these banks, as determined by Standard and Poor's, was A+.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. An immaterial amount of interest rate exposure exists in respect of cash balances on the statement of financial position. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

### **10. Capital Management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Olivine Mountain property and the Alwin property claims in which the Company currently has an interest are in the exploration stage, as such the Company has historically relied on the equity markets to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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### 10. Capital Management (cont'd...)

The capital structure of the Company consists of shareholder's equity, comprising issued capital and deficit. The Company is not exposed to any externally imposed requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's approach to capital management during the year ended May 31, 2024.

### 11. Income Taxes

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss for the years ended May 31, 2024 and 2023:

	2024	2023
Net loss before tax	\$ (557,950)	\$ (288,946)
Statutory tax rate	27.00%	27.00%
Expected income tax (recovery)	(150,647)	(78,015)
Change in deferred tax assets not recognized	36,330	(78,444)
Tax effect of flow through share	97,221	15,041
Change in estimate	4,760	133,376
Share issuance cost	(27,976)	-
Non-deductible items	40,312	8,042
Total income tax expense (recovery)	-	-
Current tax expense (recovery)	-	-
Deferred tax expense (recovery)	-	-
Total income tax expense (recovery)	\$ -	\$ -

The deferred tax assets and liabilities reflect the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values.

The net deferred tax assets and (liabilities) as of May 31, 2024 and 2023 are comprised of the following:

	2024	2023
	\$	\$
Non-capital losses carry forward	549,072	435,541
Exploration and evaluation assets	(549,072)	(447,176)
Financing costs	-	11,635
Net deferred tax assets (liabilities)	-	-

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### **11. Income Taxes (cont'd...)**

The unrecognized deductible temporary differences as of May 31, 2024 and 2023 are comprised of the following:

	<b>2024</b>	<b>2023</b>
	\$	\$
Non-capital loss carryforwards	28,305	-
Financing costs	105,102	-
Unrealized loss from marketable securities	5,875	3,575
<b>Total unrecognized deductible temporary differences</b>	<b>139,282</b>	<b>3,575</b>

The Company has not recognized a deferred tax asset in respect of the non-capital losses of approximately \$28,305 (2023 - \$Nil) which may be carried forward to apply against future income for Canadian income tax purposes.

### **12. Subsequent events**

On June 4, 2024, the Company granted 300,000 incentive stock options to a consultant at a price of \$0.12 per common share, exercisable on or before June 4, 2026. On July 10, 2024, the Company issued 300,000 common shares upon the exercise of these stock options.

On July 30, 2024, the Company signed an option agreement amendment between itself and Alwin Mineral Property Optionor. The Optionor agreed to extend the \$50,000 cash payment that was originally due on August 05, 2024 to the 5th Anniversary of the Approval Date, in exchange for additional consideration of 900,000 share issuance on or before the 5th Anniversary of the Approval Date.

On September 23, 2024, the Company closed a non-brokered private placement of 6,500,000 units at a price of \$0.10 per unit for aggregated proceeds of \$650,000. Each unit consists of one common share of the Company and one-half of one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 per share at any time on or before September 23, 2026. The Company paid aggregate cash finder's fees of \$9,310 and issued 93,100 broker warrants to certain brokers on a portion of the Private Placement. The finder's warrants otherwise have the same terms as the warrants.