



**SRQ Resources Inc.**

**Annual Financial Statements**

**For the years ended December 31, 2024 and 2023**

(in Canadian dollars)

TSX-V: SRQ



## Independent auditor's report

To the Shareholders of SRQ Resources Inc.

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SRQ Resources Inc. (the Corporation) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards (IFRS Accounting Standards).

#### What we have audited

The Corporation's financial statements comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of changes in shareholders' equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP  
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1  
T.: +1 514 205 5000, F.: +1 514 876 1502, Fax to mail: ca\_montreal\_main\_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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## Key audit matters

Except for the matter which is described in the *Material uncertainty related to going concern* section, we have determined that there are no other key audit matters to communicate in our report.

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## Other information

Management is responsible for the other information. The other information comprises the 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 audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## 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 IFRS Accounting 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

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## 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 Corporation'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 Corporation'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 Corporation 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Sébastien Bellemare.

**/s/PricewaterhouseCoopers LLP<sup>1</sup>**

Montréal, Quebec  
April 14, 2025

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<sup>1</sup> CPA auditor, public accountancy permit No. A116819

### **Management's Responsibilities over Financial Reporting**

The financial statements of SRQ Resources Inc. (the "Corporation" or "SRQ") are the responsibility of the Corporation's management. The financial statements are prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and reflect management's best estimates and judgment based on information currently available.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the financial statements prior to their submission to the Board of Directors for approval.

**SRQ Resources Inc.**  
**Statements of Financial Position**  
(in Canadian dollars)

|   |       | December 31,<br>2024 | December 31,<br>2023 |
|---|-------|----------------------|----------------------|
|   | Notes | \$                   | \$                   |
| <b>ASSETS</b>                                     |       |                      |                      |
| Current assets                                    |       |                      |                      |
| Cash and cash equivalents                         | 4     | 407,905              | 1,736,295            |
| Sales taxes receivable                            |       | 24,603               | 81,383               |
| Prepaid expenses and deposits                     |       | 11,846               | 27,728               |
| Tax credits receivable                            |       | 65,735               | 403,481              |
|   |       | <b>510,089</b>       | <b>2,248,887</b>     |
| Non-current assets                                |       |                      |                      |
| Property and equipment                            | 5     | 57,006               | 95,081               |
| <b>TOTAL ASSETS</b>                               |       | <b>567,095</b>       | <b>2,343,968</b>     |
| <b>LIABILITIES</b>                                |       |                      |                      |
| Current liabilities                               |       |                      |                      |
| Accounts payable and accrued liabilities          |       | 87,552               | 90,380               |
| Flow-through liability, net of share issue costs  | 8     | -                    | 159,091              |
| Short-term portion of lease liability             | 7     | 28,615               | 47,595               |
|   |       | <b>116,167</b>       | <b>297,066</b>       |
| Non-current liabilities                           |       |                      |                      |
| Long-term portion of lease liability              | 7     | -                    | 26,819               |
|   |       | <b>116,167</b>       | <b>323,885</b>       |
| <b>SHAREHOLDERS' EQUITY</b>                       |       |                      |                      |
| Share capital                                     | 9     | 909,938              | 909,938              |
| Contributed surplus                               | 9,10  | 3,739,731            | 3,519,703            |
| Deficit   |       | (4,198,741)          | (2,409,558)          |
|   |       | <b>450,928</b>       | <b>2,020,083</b>     |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> |       | <b>567,095</b>       | <b>2,343,968</b>     |

Nature of operations and going concern (Note 1)

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

On behalf of the Board,

/s/ Ugo Landry-Tolszczuk  
Director

/s/ Jean-Christophe Parisien-La Salle  
Director

# SRQ Resources Inc.

## Statements of Loss and Comprehensive Loss

(in Canadian dollars)

|  | Notes | Years ended December 31, |                   |
|--|-------|--------------------------|-------------------|
|  |       | 2024                     | 2023              |
|  |       | \$                       | \$                |
| <b>Expenses</b>  |       |                          |                   |
| <b>Exploration and evaluation</b>                            |       |                          |                   |
| Exploration expenses   | 6     | 1,048,941                | 1,186,072         |
| First Nation Consultancy                                     |       | 66,406                   | 48,562            |
| Amortization   | 5     | 44,661                   | 14,312            |
| Tax credits  |       | 18,298                   | (403,481)         |
| Share-based compensation                                     | 10    | 48,078                   | 53,880            |
|  |       | <b>1,226,384</b>         | <b>899,345</b>    |
| <b>General and administration</b>                            |       |                          |                   |
| Professional and consulting fees                             |       | 301,623                  | 366,250           |
| Salaries and benefits  |       | 52,978                   | 50,405            |
| Other general and administrative                             |       | 75,857                   | 32,775            |
| Investor relation & filing fees                              |       | 119,391                  | 34,009            |
| Travel and representation                                    |       | 17,620                   | 7,203             |
| Amortization   | 5     | 843                      | -                 |
| Share-based compensation                                     | 10    | 171,950                  | 192,700           |
|  |       | <b>740,262</b>           | <b>683,342</b>    |
| <b>Other expenses (income)</b>                               |       |                          |                   |
| Flow through liability amortization                          |       | (159,091)                | -                 |
| Interest income  |       | (18,372)                 | (33,212)          |
| Foreign exchange loss  |       | -                        | 40                |
|  |       | <b>(177,463)</b>         | <b>(33,172)</b>   |
| <b>Net loss and comprehensive loss</b>                       |       | <b>1,789,183</b>         | <b>1,549,515</b>  |
| <b>Net loss per common share –basic and diluted</b>          | 15    | <b>0.06</b>              | <b>0.07</b>       |
| <b>Weighted average number of shares – basic and diluted</b> | 15    | <b>27,992,251</b>        | <b>22,125,166</b> |

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

# Sama Resources Inc.

## Statements of Changes in Shareholders' Equity

(in Canadian dollars)

|  | Notes | Number of shares  | Share capital  | Contributed surplus | Deficit            | Total            |
|--|-------|-------------------|----------------|---------------------|--------------------|------------------|
|  |       |                   | \$             | \$                  | \$                 | \$               |
| <b>Balance as at January 1, 2024</b>             |       | <b>27,992,251</b> | <b>909,938</b> | <b>3,519,703</b>    | <b>(2,409,558)</b> | <b>2,020,083</b> |
| Stock-based compensation                         | 10    | -                 | -              | 220,028             | -                  | 220,028          |
| Net loss and comprehensive loss                  |       | -                 | -              | -                   | (1,789,183)        | (1,789,183)      |
| <b>Balance as at December 31, 2024</b>           |       | <b>27,992,251</b> | <b>909,938</b> | <b>3,739,731</b>    | <b>(4,198,741)</b> | <b>450,928</b>   |
| <b>Balance as at January 1, 2023</b>             |       | <b>100</b>        | <b>1</b>       | <b>-</b>            | <b>(860,043)</b>   | <b>(860,042)</b> |
| Conversion of due to Parent Corporation          | 9     | (100)             | -              | 3,250,923           | -                  | 3,250,923        |
| Issuance of common shares                        | 9     | 27,992,251        | 1,130,741      | -                   | -                  | 1,130,741        |
| Flow-through liability, net of share issue costs | 8     | -                 | (159,091)      | -                   | -                  | (159,091)        |
| Issuance of broker warrants                      | 9     | -                 | (22,200)       | 22,200              | -                  | -                |
| Share issuance costs                             | 9     | -                 | (39,513)       | -                   | -                  | (39,513)         |
| Stock-based compensation                         | 10    | -                 | -              | 246,580             | -                  | 246,580          |
| Net loss and comprehensive loss                  |       | -                 | -              | -                   | (1,549,515)        | (1,549,515)      |
| <b>Balance as at December 31, 2023</b>           |       | <b>27,992,251</b> | <b>909,938</b> | <b>3,519,703</b>    | <b>(2,409,558)</b> | <b>2,020,083</b> |

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

# SRQ Resources Inc.

## Statements of Cash Flows

(in Canadian dollars)

|   | Notes | Years ended December 31, |                  |
|---|-------|--------------------------|------------------|
|   |       | 2024                     | 2023             |
| Cash flows provided by (used for)                 |       | \$                       | \$               |
| <b>Operating activities</b>                       |       |                          |                  |
| Net loss for the year                             |       | (1,789,183)              | (1,549,515)      |
| <b>Adjustments for non-cash items</b>             |       |                          |                  |
| Depreciation                                      | 5     | 45,504                   | 14,312           |
| Accreted interest on lease liability              | 7     | 2,930                    | 1,092            |
| Flow through liability amortization               | 8     | (159,091)                | -                |
| Stock-based compensation                          | 10    | 220,028                  | 246,580          |
|   |       | (1,679,812)              | (1,287,531)      |
| <b>Change in non-cash working capital items</b>   |       |                          |                  |
| Sales taxes receivable                            |       | 56,780                   | (62,678)         |
| Prepaid expenses and deposits                     |       | 15,882                   | 3,147            |
| Tax credits receivable                            |       | 337,746                  | (191,579)        |
| Accounts payable and accrued liabilities          |       | (2,828)                  | 47,458           |
|   |       | 407,580                  | (203,652)        |
|   |       | (1,272,232)              | (1,491,183)      |
| <b>Investing activities</b>                       |       |                          |                  |
| Property and equipment additions                  | 5     | (7,429)                  | (25,458)         |
|   |       | (7,429)                  | (25,458)         |
| <b>Financing activities</b>                       |       |                          |                  |
| Lease liability                                   | 7     | (48,729)                 | -                |
| Issuance of shares as part of a private placement | 9     | -                        | 1,130,742        |
| Share issuance costs                              | 9     | -                        | (39,513)         |
| Contribution from Parent Corporation              | 9     | -                        | 2,100,000        |
|   |       | (48,729)                 | 3,191,229        |
| Net change in cash and cash equivalents           |       | (1,328,390)              | 1,674,588        |
| Cash and cash equivalents, beginning of year      |       | 1,736,295                | 61,707           |
| <b>Cash and cash equivalents, end of year</b>     |       | <b>407,905</b>           | <b>1,736,295</b> |

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

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

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### 1 NATURE OF OPERATIONS AND GOING CONCERN

SRQ Resources Inc. ("SRQ" or the "Corporation") is a Canadian base metals corporation exploring for nickel, copper and platinum in the province of Québec. The Corporation was incorporated on June 2, 2021, under the *Canada Business Corporations Act*. The Corporation's head office is located at #132 – 1320 Graham Blvd., Mont-Royal, Quebec, Canada, H3P 3C8. The Corporation's common shares are listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol "SRQ.V".

These consolidated financial statements were authorized for publication by the Board of Directors on April 14, 2025.

Based on the information available to date, the Corporation has not yet determined whether its mineral properties contain economically recoverable reserves.

These financial statements have been prepared on a going concern basis, which presumes the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Corporation is in its early stages, and as is common with similar corporation, it raises financing for its exploration and evaluation activities. As at December 31, 2024, the Corporation had a working capital of \$393,922 (December 31, 2023 – \$1,951,821), including cash and cash equivalents of \$407,905 (December 31, 2023 – \$1,736,295). Prior to the spin-off (see Note 9), the Corporation has financed its cash requirements primarily by borrowing money from its previous parent corporation and, since the spin-off, by issuing common shares. These circumstances indicate the existence of material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern.

The Corporation's ability to continue future operations and fund its operations is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, the issuance of equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, royalty financing and other capital market alternatives. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary if the Corporation is unable to continue as a going concern. Such adjustments could be material.

### 2 MATERIAL ACCOUNTING POLICIES

#### Basis of presentation

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The Corporation has consistently applied the same accounting policies throughout all the periods presented in these financials.

#### Basis of measurement

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements are presented in Canadian dollars.

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

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### Cash and cash equivalents

Cash is comprised of cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that can be withdrawn at any time without penalty and which are subject to an insignificant risk of change in value.

### Exploration and evaluation (“E&E”) expenses

E&E expenses, including but not limited to geological and geophysical evaluation, surveying, exploratory drilling and sampling, and evaluation the technical feasibility of extracting a mineral resource, are expensed as incurred until the property reaches the development stage.

The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of minerals in an area of interest are demonstrable.

### Property, plant and equipment (“PP&E”)

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of a PP&E consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located.

PP&E are recorded at cost and depreciated as follows:

|                       | <b>Straight-line method</b> |
|-----------------------|-----------------------------|
| Right-of-use assets   | Over the lease term         |
| Computer equipment    | 33%                         |
| Exploration Equipment | 20%                         |

PP&E are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss in the statement of loss and comprehensive loss.

### Financial instruments

All financial instruments, including derivatives, are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is extinguished, which occurs when it is either discharged, canceled or expired.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable and unconditional right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

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### Financial Assets

Financial assets are recognized initially at fair value plus transaction costs, except for financial assets carried at fair value through net income or loss ("FVTPL") or through other comprehensive loss ("FVTOCI"), which are measured initially at fair value. On initial recognition, the Corporation currently classifies its financial assets in the following measurement categories:

#### **Amortized costs**

Financial assets that are held in a business model with the objective of collecting contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortized cost ("AC"). The Corporation's cash and accounts receivable are measured at amortized cost as they meet the required criteria. Gains and losses are recognized in the statement of loss and comprehensive loss when the receivables are derecognized or impaired.

#### **Impairment**

The Corporation assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Corporation assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. An external rating of investment grade is considered to indicate that a financial instrument may be considered as having low credit risk.

For accounts receivables, the Corporation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Corporation assumes that there is no significant increase in credit risk for instruments that have a low credit risk. This methodology is applied in particular for cash.

### Financial liabilities

Financial liabilities are initially recorded at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial instruments are measured at amortized cost using the effective interest rate method. The Corporation's accounts payable and accrued liabilities are measured at amortized cost.

#### **Leases**

At the commencement date of a lease, a liability is recognized to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset) is also recognized. The interest expense on the lease liability is recognized separately from the depreciation expense on the right-of-use asset.

The lease liability is remeasured upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). This remeasurement is generally recognized as an adjustment to the right-of-use asset. Leases of "low-value" assets and short-term leases (12 months or less) are recognized on a straight-line basis as an expense in the consolidated statement of loss and comprehensive loss.

#### **Capital**

Common shares issued by the Corporation are classified as equity. Costs directly attributable to the issue of common shares, warrants and stock options are recognized as a deduction from equity, net of any related income tax effects.

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

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### Equity financing

The equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and warrants. Depending on the terms and conditions of the equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Corporation adopted a residual value method with respect to the measurement of common shares and warrants issued as private placements units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the price reservation date, if applicable, or the announcement date. The balance, if any, is allocated to the attached warrants.

### Flow-through shares

The Corporation finances some exploration and evaluation expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation.

The difference ("premium") between the amounts recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through liability which is reversed into the Statement of Loss and Comprehensive Loss as other income when the eligible expenditures are incurred. The amount recognized as a flow-through liability represents the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares, net of allocated issue costs.

### Stock-based payments

The fair value, at the grant date, of equity-settled stock-based awards is recognized as an expense over the period for which the benefits of the employee and others providing similar services are expected to be received using the graded vesting method. The corresponding accrued entitlement is recorded in contributed surplus. The fair value of awards is calculated using the Black-Scholes valuation model, which considers the following factors:

- a) Exercise price
- b) Expected volatility
- c) Risk-free interest rate
- d) Expected life of the award
- e) Current market price

The amount recognized as an expense is adjusted to reflect the actual number of stock options for which the related service and vesting conditions are met. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

Stock-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the stock-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee provides the goods or services.

### Tax credits receivable

The Corporation is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act (Québec). These credits are recognized as a reduction of exploration and evaluation costs incurred based on estimates made by management. The Corporation records these credits when there is reasonable assurance with regards to collections and assessments and that the Corporation will comply with the conditions associated to them.

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

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### **Current and deferred 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 that it relates to items recognized directly in equity or other comprehensive loss. Current tax expense, if any, is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded 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. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

### **Loss per share**

Basic earnings (loss) per share ("EPS"/"LPS") is calculated by dividing the net income (loss) for the period attributable to the shareholders of SRQ by the weighted average number of shares outstanding during the period.

### **Standards, amendments and interpretations to existing accounting standards that are not yet effective and have not been early adopted by the Corporation**

#### IFRS 18 Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18 to improve reporting of financial performance. The new standard replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The new Accounting Standard introduces significant changes to the structure of income statements and introduces new principles for aggregation and disaggregation of information. The impact of adoption of the amendments has not yet been determined by the Corporation.

#### Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instrument Disclosures

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. Among other amendments, the IASB clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. The impact of adoption of the amendments has not yet been determined by the Corporation.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current period have not been disclosed as they are not expected to have a material impact on the Corporation's financial statements.

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

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### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

#### Significant judgments and estimation uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant estimates and judgments used in applying accounting policies that have most significant effect on the amounts recognized in the financial statements are as follows:

#### Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements and exploration expenditures involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

#### Impairment of non-financial assets

PP&E are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. The recoverable amounts with respect to non-financial assets are based on numerous assumptions and may differ significantly from actual recoverable amounts. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Corporation's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The recoverable amount estimates may differ from actual recoverable amounts, and these differences may be significant and could have a material impact on the Corporation's financial position and results of operations. Asset groups are reviewed for an indication of impairment at each statement of financial position date or when a triggering event is identified. This determination requires significant judgment.

#### Fair value of stock options

The estimation of share-based payments requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Corporation is the Black-Scholes valuation model at the date of grant. The Corporation has made estimates as to the volatility, the probable life of stock options granted and the time of exercise of those stock options. The expected underlying volatility was based on comparable companies shares over a period equivalent to the expected average life of the options.

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

### 4 CASH AND CASH EQUIVALENTS

|   | December 31,   |                  |
|---|----------------|------------------|
|   | 2024           | 2023             |
|   | \$             | \$               |
| Cash  | 75,011         | 1,122,481        |
| Guaranteed investment certificate, ENC(30J), maturing Aug 28, 2025, 4.1%  | 167,317        | -                |
| Guaranteed investment certificate, ENC(30J), maturing Sep 8, 2025, 4.1%   | 50,651         | -                |
| BNS tiered corporate investment savings account, Serie F                  | 114,926        | -                |
| Guaranteed investment certificate, ENC(30J), maturing Aug 26, 2024, 5.25% | -              | 509,277          |
| Ninepoint High interest savings Fund, Serie F                             | -              | 104,537          |
|   | <b>407,905</b> | <b>1,736,295</b> |

### 5 PROPERTY, PLANT AND EQUIPMENT

|                                 | Equipment | Computer,<br>equipment | Right of use<br>assets | Total   |
|---------------------------------|-----------|------------------------|------------------------|---------|
|                                 | \$        | \$                     | \$                     | \$      |
| <b>Cost</b>                     |           |                        |                        |         |
| Balance – January 1, 2023       | 11,108    | -                      | -                      | 11,108  |
| Acquisitions                    | 22,927    | 2,531                  | 73,322                 | 98,780  |
| Balance – December 31, 2023     | 34,035    | 2,531                  | 73,322                 | 109,888 |
| Acquisitions                    | 7,429     | -                      | -                      | 7,429   |
| Balance – December 31, 2024     | 41,464    | 2,531                  | 73,322                 | 117,317 |
| <b>Accumulated depreciation</b> |           |                        |                        |         |
| Balance – January 1, 2023       | 495       | -                      | -                      | 495     |
| Amortization                    | 4,514     | 633                    | 9,165                  | 14,312  |
| Balance – December 31, 2023     | 5,009     | 633                    | 9,165                  | 14,807  |
| Amortization                    | 8,000     | 843                    | 36,661                 | 45,504  |
| Balance – December 31, 2024     | 13,009    | 1,476                  | 45,826                 | 60,311  |
| <b>Carrying amount</b>          |           |                        |                        |         |
| Balance – December 31, 2023     | 29,026    | 1,898                  | 64,157                 | 95,081  |
| Balance – December 31, 2024     | 28,455    | 1,055                  | 27,496                 | 57,006  |

During the year ended December 31, 2024, a depreciation expense of \$44,661 (2023 – \$14,312) was recorded in the statement of loss and comprehensive loss under exploration and evaluation expenses and \$843 (2023 – \$210) was recorded under general and administration expenses.

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

### 6 EXPLORATION AND EVALUATION EXPENSES

All the Corporation's properties listed below are 100% owned.

| Property         | Location                       | # Claims | Years ended December 31, |         |
|------------------|--------------------------------|----------|--------------------------|---------|
|                  |                                |          | 2024                     | 2023    |
|                  |                                |          | \$                       | \$      |
| Brulé            | Outaouais, Quebec, Canada      | 594      | 1,011,267                | 791,105 |
| Lac Brennan      | Outaouais, Quebec, Canada      | 42       | 101,278                  | 65,075  |
| Lac Dumoine      | Outaouais, Quebec, Canada      | 328      | 79,833                   | 28,065  |
| Redcliff         | Nord-Du-Québec, Quebec, Canada | 84       | 34,006                   | -       |
| Other properties | Quebec, Canada                 | 131      | -                        | 15,100  |
|                  |                                | 1,179    | 1,226,384                | 899,345 |

### 7 LEASE LIABILITIES

The Corporation rents vehicles for its exploration activities. These leases are for a two-year period and include an option to purchase at the end of the contract term.

|  | December 31, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Lease liabilities at the beginning of the year | 74,414            | -                 |
| Lease addition                                 | -                 | 73,322            |
| Lease payments                                 | (48,729)          | -                 |
| Accreted interest                              | 2,930             | 1,092             |
| Balance, end of year                           | 28,615            | 74,414            |
| Current portion                                | 28,615            | 47,595            |
| Long-term portion                              | -                 | 26,819            |

The undiscounted minimum lease payments on lease liabilities for the forthcoming year are as follows:

|                                | \$            |
|--------------------------------|---------------|
| 2025                           | 29,238        |
| <b>Total minimum payments</b>  | <b>29,238</b> |
| Less interest                  | (623)         |
| Total minimum capital payments | 28,615        |

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

### 8 LIABILITY RELATED TO THE PREMIUM ON FLOW THROUGH SHARES

|  | December 31, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Balance, beginning of period                                   | 159,091           | -                 |
| Addition, net of issue costs                                   | -                 | 159,091           |
| Amortization of flow through liability                         | (159,091)         | -                 |
| <b>Liability related to the premium on flow through shares</b> | <b>-</b>          | <b>159,091</b>    |

### 9 SHARE CAPITAL

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

#### Transactions during the year ended December 31, 2023:

On June 29, 2023, the shareholders of the previous parent company Sama Resources Inc. ("Sama") approved a resolution to set in motion a process via a plan of arrangement (the "Arrangement"), whereby the shares of the Corporation were ultimately distributed to the shareholders of Sama and the Corporation listed on the TSX-V on the basis of 1 share of the Corporation for each 10 shares of Sama. The result of the Arrangement was the issuance of 21,971,841 shares and the cancellation of the previous 100 outstanding shares.

On December 22, 2023, the Corporation announced the closing of a non-brokered private placement for the issuance of 6,015,410 shares of the Corporation, for aggregate gross proceeds of \$1,130,741. The private placement comprised two tranches, as follows:

- **Tranche 1 - Common Shares:** 406,250 Common Shares at a price of \$0.16 per Hard Dollar Share for gross proceeds of \$65,000; and
- **Tranche 2 - Flow-Through (FT) Shares:** 5,609,160 Common Shares that qualify as "flow-through shares" (within the meaning of subsection 66(15) of the Income Tax Act (Canada)) at a price of \$0.19 per FT Share for gross proceeds of \$1,065,741. The financing included a gross flow-through liability of \$168,275.

In consideration for providing certain finders' services to the Corporation in connection with the private placement, the Corporation paid cash finders' fees in the aggregate of \$37,453, issued 197,120 warrants to purchase Common Shares exercisable at \$0.16 for a period of 24 months from closing of the FT Shares' Offering and paid other issue costs of \$2,063. The fair value of the 197,120 broker warrants was estimated at \$22,200 using the Black-Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 77.19%, risk-free rate of return 3.85%, share price of \$0.215 and expected maturity of 2 years. The finders fees were paid to certain arm's-length finders, representing up to 7% of the gross proceeds received by the Corporation from subscribers that were introduced to the Corporation by such finders. From the total issue cost of \$61,713, \$9,184 was allocated to the flow-through liability and the remaining \$52,529 was attributed to share capital.

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

### Warrants

The following table shows the changes in warrants:

|                                  | Number  | Years ended December 31, |         |      |
|----------------------------------|---------|--------------------------|---------|------|
|                                  |         | 2024                     | 2023    |      |
|                                  |         | \$                       | Number  | \$   |
| Balance, beginning of year       | 197,120 | 0.16                     | -       | -    |
| Issued                           | -       | -                        | 197,120 | 0.16 |
| Balance exercisable, end of year | 197,120 | 0.16                     | 197,120 | 0.16 |

## 10 SHARE-BASED PAYMENTS

### Share purchase options

The Corporation has a fixed stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 4,395,368 shares of the Corporation. The exercise price of each option ("Option") shall not be less than the closing price of the common shares on the trading day immediately preceding the day on which the Option is granted, less any discount permitted by the TSX-V and, in any event, the exercise price per Option will not be less than \$0.05, being the minimum exercise price allowable under TSX-V policy. The Options will vest in four equal instalments over 18 months, with 25% of the Options vesting on the date of the grant, and 25% of the Options vesting every 6 months afterward

The following table shows the changes in stock options:

|                              | Number    | Years ended December 31, |           |      |
|------------------------------|-----------|--------------------------|-----------|------|
|                              |           | 2024                     | 2023      |      |
|                              |           | \$                       | Number    | \$   |
| Balance, beginning of period | 1,945,000 | 0.27                     | -         | -    |
| Granted                      | -         | -                        | 1,945,000 | 0.27 |
| Balance, end of period       | 1,945,000 | 0.27                     | 1,945,000 | 0.27 |
| Exercisable, end of period   | 1,458,750 | 0.27                     | 486,250   | 0.27 |

The number of outstanding stock options that could be exercised for an equal number of common shares is as follows:

| Expiration date    | Number outstanding | Number exercisable | December 31, 2024 |
|--------------------|--------------------|--------------------|-------------------|
|                    |                    |                    | Exercise price \$ |
| September 18, 2033 | 1,945,000          | 1,458,750          | 0.27              |
|                    | 1,945,000          | 1,458,750          |                   |

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

The fair value of stock options granted was determined using the Black & Scholes valuation model based on the following weighted average assumptions:

|  | Years ended December 31, |          |
|--|--------------------------|----------|
|  | 2024                     | 2023     |
| Weighted average price at the grant date | -                        | \$0.27   |
| Weighted average exercise price          | -                        | \$0.27   |
| Expected dividend                        | -                        | -\$      |
| Expected average volatility              | -                        | 105.71%  |
| Risk-free average interest rate          | -                        | 3.75%    |
| Expected average life                    | -                        | 10 years |
| Weighted fair value per stock option     | -                        | \$0.25   |

A share-based payment expense of \$220,028 was recognized during the year ended December 31, 2024 (2023 - \$246,580) in share-based compensation in the statement of loss and comprehensive loss. The expected underlying volatility was based on the historical comparable companies shares over a period equivalent to the expected average life of the options.

The 2023 statement of loss and comprehensive loss share-based payments information has been adjusted to correct the classification of share-based payment expenses whereby \$53,880 has been reclassified from general and administration to exploration and evaluation expenses.

## 11 INCOME TAXES

### Major components of tax expense

The major components of tax expense are outlined below:

|  | 2024      | 2023      |
|--|-----------|-----------|
|  | \$        | \$        |
| <b>Deferred tax expense</b>  |           |           |
| Origination and reversal of temporary differences                        | (128,476) | (363,168) |
| Deferred tax expense arising from the write-down of a deferred tax asset | 128,476   | 363,168   |
| <b>Total deferred tax expense</b>  | -         | -         |

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

### Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined income tax rate in Canada and the reported tax expense in the statement of loss and comprehensive loss can be reconciled as follows:

|   | 2024<br>\$         | 2023<br>\$         |
|---|--------------------|--------------------|
| <b>Loss before income taxes</b>   | <b>(1,789,183)</b> | <b>(1,549,515)</b> |
| Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.5% | <b>(474,133)</b>   | (410,621)          |
| Permanent differences   | 345,658            | 65,697             |
| Non-taxable refundable duties credit for losses   | -                  | (18,244)           |
| Unrecognized tax benefits   | 128,476            | 363,168            |
| <b>Deferred tax income</b>  | <b>-</b>           | <b>-</b>           |

### Unrecognized deferred tax assets

As at December 31, 2024 and 2023, the Corporation has the following temporary differences for which no deferred tax has been recognized:

|                                     | 2024<br>\$       | 2023<br>\$ |
|-------------------------------------|------------------|------------|
| Property, plant and equipment       | <b>15,605</b>    | 15,899     |
| Exploration and evaluation expenses | <b>1,806,188</b> | 1,693,622  |
| Non-capital losses carry forward    | <b>957,245</b>   | 576,799    |
|                                     | <b>2,779,038</b> | 2,286,320  |

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At December 31, 2024, deferred tax assets totalling \$744,770 have not been recognized (December 31, 2023 - \$616,295).

The Corporation has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statement of financial position, that can be carried over the following years:

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

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|  | <b>Total<br/>\$</b> |
|--|---------------------|
| 2041 to 2044   | 957,245             |
| Non-capital losses recognized against the deferred tax liability | -                   |
|  | <u>957,245</u>      |

## 12 CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its exploration and evaluation activities.

The Corporation considers its capital structure to include shareholders' equity. The Corporation monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets and capital markets. In order to facilitate the management of capital and the exploration and evaluation expenses of its properties, the Corporation prepares annual expenditure budgets which are monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Corporation may issue new equity if available on favorable terms, option its properties for cash and/or expenditure commitments from optionees and enter into joint venture arrangements or dispose of its properties.

The changes in the capital are disclosed in the statement of changes in shareholders' equity.

## 13 FINANCIAL RISK FACTORS

### Classification

The Corporation's financial instruments as at December 31, 2024 and 2023 consist of cash and cash equivalents, accounts payable and accrued liabilities.

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

The classification of financial instruments is summarized as follows:

| <b>Financial Assets</b>  | <b>Classification</b>              | <b>December 31,</b> |             |
|--|------------------------------------|---------------------|-------------|
|  |                                    | <b>2024</b>         | <b>2023</b> |
|  |                                    | <b>\$</b>           | <b>\$</b>   |
| Cash and cash equivalents (Guaranteed investment certificates) | Financial assets at amortized cost | <b>292,979</b>      | 1,631,758   |
|  |                                    | <b>292,979</b>      | 1,631,758   |

| <b>Financial Assets</b>  | <b>Classification</b>            | <b>December 31,</b> |             |
|--|----------------------------------|---------------------|-------------|
|  |                                  | <b>2024</b>         | <b>2023</b> |
|  |                                  | <b>\$</b>           | <b>\$</b>   |
| Cash equivalents (Other than guaranteed investment certificates) | Fair value through profit & loss | <b>114,926</b>      | 104,537     |
|  |                                  | <b>114,926</b>      | 104,537     |

| <b>Financial Liabilities</b>             | <b>Classification</b>                   | <b>December 31,</b> |             |
|--|---|---------------------|-------------|
|  |   | <b>2024</b>         | <b>2023</b> |
|  |   | <b>\$</b>           | <b>\$</b>   |
| Accounts payable and accrued liabilities | Financial liabilities at amortized cost | <b>87,552</b>       | 90,380      |
|  |   | <b>87,552</b>       | 90,380      |

The Corporation's risk exposures and the impact of these exposures on the Corporation's financial instruments are summarized below:

### Credit risk

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations. The Corporation is also exposed to credit concentration risk by holding cash and guaranteed investment certificates. This risk is minimized by holding cash and guaranteed investment certificates with a large Canadian financial institution.

### Liquidity risk

The Corporation manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its E&E programs. The Corporation also ensures that it has sufficient working capital available to meet its day-to-day commitments.

As at December 31, 2024, the Corporation had cash and cash equivalents of \$407,905 to settle current liabilities of \$116,167.

Any funding shortfall may be met in the future in a number of ways including, but not limited to, the issuance of new equity instruments, issuance of debts, issuance of convertible debentures, further expenditure reductions, or other measure.

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

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### **Fair value**

Fair value estimates are made at the statement of financial position date based on relevant market information and other information about financial instruments.

The Corporation's financial instruments recorded at amortized costs at December 31, 2024 consist of cash, savings deposits, guaranteed investment certificates, accounts receivable and accounts payables and accrued liabilities. The Corporation's financial assets and liabilities approximate their fair values due to their relatively short periods to maturity.

### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates.

Except for the fixed interest recognized on the guaranteed investment certificates, all of the Corporation's assets and liabilities are non-interest-bearing and, as such, are not subject to a significant amount of risk arising from fluctuations in interest rates.

### **Market risk**

#### Commodity price risk

Commodity price risk is the risk that the fair value or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and other currencies. As the Corporation has not yet developed commercial mineral interests, its exposure to commodity price risk at this time is limited. However, the Corporation is indirectly exposed to commodity price risk as it impacts the Corporation's access to capital and funding.

## **14 RELATED PARTIES**

### **Transaction with related parties**

During the years ended December 31, 2024 and 2023, the following related party transactions occurred in the normal course of operations:

Lease payments, exploration and evaluation expenses and general and administrative expenses of \$57,705 (2023 - \$90,225) to Sama Resources Inc, a corporation of which the Corporation's President and Chief Executive Officer is also the President and Chief Executive Officer. As at December 31, 2024, \$nil was due to that corporation (\$13,792 - December 31, 2023).

# SRQ Resources Inc.

## Notes to Financial Statements

December 31, 2024 and 2023 (in Canadian dollars)

### Remuneration of key management personnel

Key management personnel are the members of the Board of Directors, and executive officers of the Corporation. During the years ended December 31, 2024 and 2023, the remuneration awarded to key management personnel (including the amounts above) is as follows:

|                                  | Years ended December 31, |         |
|----------------------------------|--------------------------|---------|
|                                  | 2024                     | 2023    |
|                                  | \$                       | \$      |
| Salaries and benefits            | 30,000                   | 36,000  |
| Consulting and professional fees | 190,000                  | 101,000 |
| Share-based payments             | 192,312                  | 215,520 |
|                                  | 412,312                  | 352,520 |

### Termination and change of control provisions

Certain agreements between the executive team and the Corporation contain termination without cause and change of control provisions. Assuming that these agreements would be terminated without cause during the year ending December 31, 2025, the total amounts payable in respect of severance would amount to \$440,000. If a change of control would occur during the year ending December 31, 2025, the total amounts payable in respect of severance, if elected by the executive members, would amount to \$440,000.

## 15 LOSS PER SHARE

Basic earnings or loss per share is the net earnings or loss available to common shareholders divided by the weighted average number of common shares outstanding during the year. Diluted net earnings or loss per share adjusts basic net earnings per share for the effects of potential dilutive common shares. Warrants and stock options were excluded from the calculation of the diluted weighted average number of common shares outstanding for the years ending December 31, 2024 and December 31, 2023, as their effects would have been anti-dilutive.

## 16 SUBSEQUENT EVENTS

On January 27, 2025, the Corporation announced a grant to the Directors and Officers for an aggregate of 1,430,000 stock options, each exercisable to acquire one Common Share at an exercise price of \$0.13 on or before January 24, 2035, being the date that is 10 years from their date of grant of January 24, 2025. The stock options granted will vest in four equal instalments over 18 months, with 25% of the stock options vesting on January 24, 2025, and 25% of the stock options vesting every 6 months afterward.

On March 25, 2025, the Corporation announced it closed on March 24, 2025 a non-brokered private placement for the issuance of 18,103,399 Common Shares of the Corporation, for aggregate gross proceeds of \$2,371,392. The private placement comprised two tranches, as follows:

- **Tranche 1 – Hard Dollar Units:** 14,786,982 units at a price of \$0.12 per Hard Dollar Unit, comprised of one Common Share that does not qualify as a “Flow-Through” share and one Common Share purchase warrant, entitling the holder to purchase one Common share at an exercise price of \$0.18 for a period of 2 years from the date of the issuance, for gross proceeds of \$1,774,438; and

# SRQ Resources Inc.

## Notes to Financial Statements

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- **Tranche 2 - Flow-Through (FT) Shares:** 3,316,417 Common Shares that qualify as “flow-through shares” (within the meaning of subsection 66(15) of the Income Tax Act (Canada)) at a price of \$0.18 per FT share for gross proceeds of \$596,955.