

FILING STATEMENT

SPITFYRE CAPITAL INC.

**IN RESPECT OF
THE QUALIFYING TRANSACTION OF SPITFYRE CAPITAL INC.**

**INVOLVING THE AMALGAMATION OF
NEOTERREX CORPORATION**



AND

15363497 CANADA INC.

A WHOLLY-OWNED SUBSIDIARY OF SPITFYRE CAPITAL INC.

Dated as of November 14, 2023

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in anyway passed upon the merits of the Qualifying Transaction described in this Filing Statement.

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CERTIFICATE OF NEOTERREX CORPORATION

ACKNOWLEDGEMENT

FORWARD-LOOKING INFORMATION

This Filing Statement contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or states that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Spitfyre, NeoTerrex or the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

Examples of such statements include: (A) the intention to complete the Qualifying Transaction, the Amalgamation and the Private Placements; (B) the description of the Resulting Issuer that assumes completion of the Transaction; and (C) in respect of the Resulting Issuer, NeoTerrex and the Projects, statements pertaining to, without limitation, expected capital expenditures, costs and timing of future exploration, success of exploration activities, permitting requirements, requirements for additional capital, government regulation of mining operations, environmental risks and hazards, title disputes or claims and limitations on insurance coverage.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this Filing Statement. Such forward-looking information is based on a number of assumptions that may prove to be incorrect, including, but not limited to: (a) the ability of Spitfyre to (i) complete the Transaction, (ii) complete the Spitfyre Private Placement, (iii) satisfy the conditions precedent under the Amalgamation Agreement, (iv) satisfy the requirements of the Exchange such that it will issue the Final QT Exchange Bulletin, (v) obtain necessary financing and adequate insurance and (vi) successfully integrate Spitfyre and NeoTerrex and manage risks; (b) the economy generally; and (c) in respect of the Resulting Issuer, NeoTerrex and the Projects: (i) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, damage to equipment or otherwise; (ii) the ability of NeoTerrex to complete the NeoTerrex Private Placement; and (iii) the prices of energy and other key supplies remaining consistent with current levels. The factors identified above are not intended to represent a complete list of the factors that could affect Spitfyre, NeoTerrex or the Resulting Issuer. Additional factors are noted under the heading "*Risk Factors*".

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking information contained in this Filing Statement. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this Filing Statement. All subsequent forward-looking information attributable to Spitfyre, NeoTerrex or the Resulting Issuer herein is expressly qualified in its entirety by the cautionary statements contained or referred to herein. Spitfyre, NeoTerrex and the Resulting Issuer do not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this Filing Statement or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

SOURCE OF INFORMATION

The information contained in this Filing Statement with respect to NeoTerrex (and any information with respect to the Resulting Issuer that is dependent upon the information with respect to NeoTerrex) has been furnished by NeoTerrex. Spitfyre and its directors and officers have relied on the information relating to NeoTerrex furnished by NeoTerrex and assume no responsibility for any errors in such information or omissions therefrom. Similarly, neither NeoTerrex nor its directors or officers assume any responsibility for any errors in the information contained herein or omissions therefrom with respect to Spitfyre or any information with respect to the Resulting Issuer or omissions therefrom that is dependent upon information with respect to Spitfyre.

CURRENCY INFORMATION

Unless otherwise indicated, all currency amounts reflected herein are stated in Canadian dollars and references to "\$" or "dollars" are references to Canadian dollars.

GLOSSARY OF TERMS

The following is a glossary of certain definitions used in this Filing Statement. Terms and abbreviations used in the financial statements and MD&A of Spitfyre, NeoTerrex and the Resulting Issuer in the appendices to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"Affiliate" means a Company that is affiliated with another Company as described below:

A Company is an "Affiliate" of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

"Agency Agreement" means the agency agreement anticipated to be entered into among NeoTerrex, Spitfyre and the Agents, with respect to the Private Placements;

"Agents" means iA Private Wealth Inc. and Canaccord Genuity Corp.;

"Alternative Offer" means a *bonafide* offer, whether written or oral, from a third party to acquire the assets or shares of either NeoTerrex or Spitfyre or to enter into a contract which would materially interfere with the Amalgamation, which NeoTerrex or Spitfyre, as applicable, wishes to pursue at the instruction of its board of directors or a committee thereof, including without any way limiting the generality of the foregoing, any such contract resulting from an unsolicited offer or proposal from a third party;

"Amalco" means the corporation formed upon the amalgamation of the Amalgamating Parties pursuant to the Amalgamation;

"Amalco Shares" means the common shares in the capital of Amalco;

"Amalgamating Parties" means, collectively, Subco and NeoTerrex;

"Amalgamation" means the amalgamation of the Amalgamating Parties pursuant to Section 181 of the CBCA on the terms and conditions set forth in the Amalgamation Agreement;

"Amalgamation Agreement" means the amalgamation agreement dated October 4, 2023 among NeoTerrex, Spitfyre and Subco, as may be amended or supplemented from time to time, with respect to the Transaction;

"Amalgamation Agreement Termination Date" means December 29, 2023 or such other date as NeoTerrex and Spitfyre may agree upon in writing;

"Articles of Amalgamation" means the articles of amalgamation providing for the Amalgamation to be filed with the Director by the Amalgamating Parties in order to effect the Amalgamation pursuant to subsection 185(1) of the CBCA;

"**Associate**" when used to indicate a relationship with a Person or Company, means:

- (a) an issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
 - (b) any partner of the Person or Company,
 - (c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity, and
 - (d) in the case of a Person, a relative of that Person, including
 - (i) that Person's spouse or child, or
 - (ii) any relative of that Person or of his spouse who has the same residence as that Person;
- but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the TSX Venture Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company;

"**Audit Committee**" means the audit committee of the Resulting Issuer, as defined by National Instrument 52-110—*Audit Committees*;

"**Board**" means the directors of Spitfyre and, following the Effective Time, the directors of the Resulting Issuer;

"**Business Day**" means any day other than a Saturday or Sunday or a day when banks in the City of Toronto or the City of Calgary are not generally open for business;

"**CBCA**" means the *Canada Business Corporations Act*, as from time to time amended or re-enacted;

"**Certificate of Amalgamation**" means the certificate of amalgamation issued by the Director on receipt of the Articles of Amalgamation pursuant to subsection 185(4) of the CBCA;

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Completion of the Qualifying Transaction**" means the date of the Final QT Exchange Bulletin issued by the Exchange;

"**Computershare**" means Computershare Trust Company of Canada;

"**Continuance**" means the continuance of Spitfyre under the CBCA after the Effective Time;

"**Contract**" means all agreements, contracts or commitments of any nature, written or oral, including, for greater certainty and without limitation, leases, purchase agreements, manufacturing, supply and distribution agreements, loan documents and security documents;

"**Control Person**" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding Voting Shares of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**CPC**" or "**Capital Pool Company**" means a corporation or trust:

- (a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the commissions in compliance with Policy 2.4 - *Capital Pool Companies*; and
- (b) in regard to which the Final QT Exchange Bulletin has not yet been issued;

"**CPC Escrow Agreement**" means the escrow agreement dated as of December 23, 2021 entered into among Spitfyre, Odyssey Trust Company, as escrow agent, and certain securityholders of Spitfyre;

"**CPC Escrowed Shares**" means the Spitfyre Shares escrowed under the CPC Escrow Agreement;

"**CS Subscription Receipts**" means, collectively, the NeoTerrex CS Subscription Receipts and the Spitfyre CS Subscription Receipts;

"**CSE**" means the Canadian Securities Exchange;

"**Director**" means the Director appointed under Section 260 of the CBCA;

"**Dissenting NeoTerrex Shareholder**" means a registered NeoTerrex Shareholder who, in connection with the special resolution of the NeoTerrex Shareholders approving the Amalgamation, has exercised the right to dissent pursuant to Section 190 of the CBCA in strict compliance with the provisions thereof and thereby becomes entitled to be paid the fair value of his, her or its NeoTerrex Shares and who has not withdrawn the notice of the exercise of such right as permitted by Section 190 of the CBCA;

"**Effective Date**" means the date the Amalgamation is completed, as evidenced by the issuance of the Certificate of Amalgamation giving effect to the Amalgamation;

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date;

"**Escrow Release Conditions**" means the following:

- (a) the receipt of the Exchange approval for the listing of the Resulting Issuer Shares issuable in connection with the Private Placements;
- (b) the completion, satisfaction, or waiver by NeoTerrex or Spitfyre of all conditions precedent to the Amalgamation as set out in the Amalgamation Agreement;
- (c) the receipt of all required shareholder and regulatory approvals and third-party consents necessary to complete the Amalgamation and the Private Placements; and
- (d) NeoTerrex and Spitfyre having delivered a notice to the Subscription Receipt Agent and the Agents that the foregoing Escrow Release Conditions have been met or waived;

"**Escrow Release Deadline**" means 3:00 p.m. (Calgary time) on December 29, 2023 or such other date as may be established in accordance with the terms of the Subscription Receipt Agreements;

"**Escrowed Funds**" means, together, the Escrowed NeoTerrex Funds and the Escrowed Spitfyre Funds;

"**Escrowed NeoTerrex Funds**" means the gross proceeds of the NeoTerrex Private Placement, less 50% of the cash commission payable to the Agents by NeoTerrex of 7.5% of the gross proceeds from the sale of the NeoTerrex Subscription Receipts and the Spitfyre CS Subscription Receipts (or 3% of the gross proceeds from the sale of the NeoTerrex Subscription Receipts and the Spitfyre CS Subscription Receipts to purchasers identified by NeoTerrex or Spitfyre to the Agents up to an aggregate total of \$750,000 of the amount of the Private Placements) and the Agents' reasonable expenses of the Private Placements, to be delivered to and held in escrow by the Subscription Receipt Agent pursuant to the NeoTerrex Subscription Receipt Agreement upon the closing of the Private Placements;

"Escrowed Spitfyre Funds" means the gross proceeds of the Spitfyre Private Placement, to be delivered to and held in escrow by the Subscription Receipt Agent pursuant to the Spitfyre Subscription Receipt Agreement upon the closing of the Private Placements;

"Exchange Policy 2.4" means Policy 2.4 - *Capital Pool Companies* of the Manual;

"Exchange Policy 5.4" means Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* of the Manual;

"Exchange" or **"TSXV"** means the TSX Venture Exchange Inc.;

"Fancamp Exploration Side Letter" means the letter agreement dated December 22, 2021 between NeoTerrex and Fancamp Exploration Ltd.;

"Filing Statement" means this filing statement, together with all appendices attached hereto and including the summary hereof;

"Final QT Exchange Bulletin" means the bulletin issued by the Exchange following the closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction;

"Governmental Authority" means:

- (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign;
- (b) subdivision, agent, commission, official, agency, board or authority of any of the foregoing; or
- (c) quasi-governmental or private body (including the Exchange) exercising any statutory, regulatory, expropriation or taxing authority under or for the account of any of the foregoing including any stock exchange;

"GVTI" means Gestions Vatche Tchakmakian Inc.;

"GVTI Consulting Agreement" means the consulting agreement with GVTI to provide certain accounting administrative and secretarial services to NeoTerrex;

"HTS Investment Agreement" means the investment agreement dated March 16, 2022 between NeoTerrex and HTS Holdings Inc.;

"Insider" if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of a Company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the issuer; or
- (d) the issuer itself if it holds any of its own securities;

"Lithium Projects" means the Roman Project, located in the Côte-Nord region, Quebec, Canada, and NeoTerrex's Riel and Decelles projects, located in the Abitibi-Témiscamingue region, Quebec, Canada;

"LOI" means the letter of intent dated June 28, 2023 between NeoTerrex and Spitfyre, pursuant to which the parties agreed to complete a business combination, which letter of intent was superseded by the Amalgamation Agreement;

"Mathieu Stephens Employment Agreement" means the employment agreement entered into between NeoTerrex and Mathieu Stephens;

"Maximum Private Placements" means the Private Placements, assuming that the maximum number of securities that may be subscribed for under the Private Placements, being 16,000,000 CS Subscription Receipts, are purchased thereunder for an aggregate gross proceeds of \$4,000,000;

"MD&A" means management's discussion and analysis;

"Minimum Private Placements" means the Private Placements, assuming that the minimum number of securities that may be subscribed for under the Private Placements, being 2,666,667 CS Subscription Receipts and 4,444,444 NeoTerrex FT Subscription Receipts, are purchased thereunder for an aggregate gross proceeds of \$2,000,000;

"Mount Discovery Project" means NeoTerrex's Mount Discovery project, located in the Outaouais region, Québec, Canada, approximately 90 kilometres northwest of Ottawa;

"Mount Discovery Technical Report" means the NI 43-101 compliant technical report entitled "NI 43-101 Technical Evaluation Report of the Mount Discovery Property" dated September 15, 2023 prepared by Alain-Jean Beaugard, P. Geo. and Daniel Gaudreault, P. Eng., each of which is an independent "Qualified Person" (as defined in NI 43-101);

"Name Change" means the change of name of Spitfyre to "NeoTerrex Incorporated", or such other name as agreed to by the Spitfyre and NeoTerrex and acceptable to each government authority having jurisdiction;

"Named Executive Officer" means each of the following individuals: (i) the Chief Executive Officer of the corporation; (ii) the Chief Financial Officer of the corporation; (iii) each of the three most highly compensated executive officers of the corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and (iv) each individual who would be a Named Executive Officer under paragraph (iii) but for the fact that the individual was neither an executive officer of the corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

"NeoTerrex" means NeoTerrex Corporation, a corporation existing under the laws of Canada;

"NeoTerrex Audited Financial Statements" means the audited financial statements of NeoTerrex as at and for the financial years ended December 31, 2022 and December 31, 2021, including the notes thereto and the report of NeoTerrex's auditors thereon;

"NeoTerrex Board" means the board of directors of NeoTerrex;

"NeoTerrex Broker Warrants" means, collectively, the NeoTerrex CS Broker Warrants, the NeoTerrex FT Broker Warrants and the NeoTerrex Existing Broker Warrants;

"NeoTerrex CS Broker Warrants" means the broker warrants of NeoTerrex to be issued to the Agents (and/or their sub-agent(s)) in connection with the NeoTerrex Private Placement, concurrently with the conversion of the NeoTerrex CS Subscription Receipts, in respect of the NeoTerrex CS Subscription Receipts to be sold under the NeoTerrex Private Placement, each NeoTerrex CS Broker Warrant entitling the holder thereof to purchase one NeoTerrex Share at a price of \$0.25 per share for a period of 24 months following the date of issuance thereof;

"NeoTerrex CS Subscription Receipts" means the subscription receipts of NeoTerrex to be issued under the NeoTerrex Private Placement at a price of \$0.25 per subscription receipt, each exchangeable into one NeoTerrex Unit immediately prior to the Effective Time; provided that in the event that the Escrow Release Conditions have not been satisfied by the Escrow Release Deadline as set out in the NeoTerrex Subscription Receipt Agreement, each of the then issued and outstanding NeoTerrex CS Subscription Receipts shall be cancelled;

"NeoTerrex Director Appointments" means, subject to the completion of the Amalgamation, the reconstitution of the board of directors of Spitfyre to consist of Mathieu Stephens, Dale Burstall, Alastair Neill, Rajesh Shama and Denis Pilon;

"NeoTerrex Existing Broker Warrants" means, collectively, the (i) 2,928,300 issued and outstanding broker warrants of NeoTerrex, each entitling the holder thereof to acquire a NeoTerrex Share at a price of \$0.10 per share until December 22, 2023, and (ii) 368,000 issued and outstanding broker warrants of NeoTerrex, each entitling the holder thereof to acquire a NeoTerrex Share at a price of \$0.125 per share until December 22, 2023;

"NeoTerrex Financial Statements" means, collectively, the NeoTerrex Audited Financial Statements and the NeoTerrex Interim Financial Statements;

"NeoTerrex FT Broker Warrants" means the broker warrants of NeoTerrex to be issued to the Agents (and/or their sub-agent(s)) in connection with the NeoTerrex Private Placement, concurrently with the conversion of the NeoTerrex FT Subscription Receipts, in respect of the NeoTerrex FT Subscription Receipts to be sold under the NeoTerrex Private Placement, each NeoTerrex FT Broker Warrant entitling the holder thereof to purchase one NeoTerrex Share at a price of \$0.30 per share for a period of 24 months following the date of issuance thereof;

"NeoTerrex FT Subscription Receipts" means the flow-through subscription receipts of NeoTerrex to be issued under the NeoTerrex Private Placement at a price of \$0.30 per subscription receipt, each exchangeable into one NeoTerrex Share issued on a "flow-through" basis pursuant to the Tax Act immediately prior to the Effective Time; provided that in the event that the Escrow Release Conditions have not been satisfied by the Escrow Release Deadline as set out in the NeoTerrex Subscription Receipt Agreement, each of the then issued and outstanding NeoTerrex FT Subscription Receipts shall be cancelled;

"NeoTerrex Interim Financial Statements" means the unaudited condensed interim financial statements of NeoTerrex as at and for the six months ended June 30, 2023, including the notes thereto;

"NeoTerrex Private Placement" means the sale of NeoTerrex CS Subscription Receipts and NeoTerrex FT Subscription Receipts by NeoTerrex through the Agents pursuant to the Agency Agreement and the NeoTerrex Subscription Receipt Agreement, for a aggregate gross proceeds, together with the aggregate gross proceeds from the Spitfyre Private Placement, of a minimum of \$2,000,000 and a maximum of \$4,000,000, provided that the aggregate gross proceeds from the sale of the NeoTerrex FT Subscription Receipts may not be greater than two times the aggregate gross proceeds from the sale of the CS Subscription Receipts;

"NeoTerrex Shareholder" means a holder of NeoTerrex Shares from time to time, and **"NeoTerrex Shareholders"** means all of such holders;

"NeoTerrex Shareholders' Meeting" means the special meeting of the NeoTerrex Shareholders to be held for the purpose of approving the Amalgamation and the Amalgamation Agreement;

"NeoTerrex Shares" means the common shares in the capital of NeoTerrex, as presently constituted on the date hereof;

"NeoTerrex Subscription Receipt Agreement" means the subscription receipt agreement to be entered into among Computershare, as Subscription Receipt Agent, NeoTerrex and the Agents to govern the NeoTerrex Subscription Receipts and pursuant to which a portion of the proceeds of the NeoTerrex Private Placement will be held in escrow until they are released in accordance with the terms thereof;

"NeoTerrex Subscription Receipts" means, collectively, the NeoTerrex CS Subscription Receipts and the NeoTerrex FT Subscription Receipts;

"NeoTerrex Unit" means a notional unit issuable by NeoTerrex upon the conversion of the NeoTerrex CS Subscription Receipts in accordance with the terms of the NeoTerrex Subscription Receipt Agreement, each NeoTerrex Unit comprised of one NeoTerrex Share and one half of one NeoTerrex Warrant, subject to a adjustment in certain events;

"**NeoTerrex Warrants**" means, collectively, the common share purchase warrants of NeoTerrex issuable upon the conversion of the NeoTerrex CS Subscription Receipts in accordance with the terms of the NeoTerrex Subscription Receipt Agreement and forming a part of the NeoTerrex Units, each NeoTerrex Warrant entitling the holder thereof to purchase one NeoTerrex Share at an exercise price of \$0.40 per share for a period of 24 months following the date of issuance thereof, subject to adjustment in accordance with its terms;

"**NI 43-101**" means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators;

"**Non-Arm's Length Party**" means:

(a) in relation to a Company:

- (i) a Promoter, officer, director, other Insider or Control Person of that Company and any Associates or Affiliates of any of such Persons; or
- (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same Promoter, officer, director, Insider or Control Person as the Company; and

(b) in relation to an individual, any Associate of the individual or any Company of which the individual is a Promoter, officer, director, Insider or Control Person;

"**Non-Arm's Length Qualifying Transaction**" means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction;

"**OBCA**" means the *Business Corporations Act* (Ontario), as from time to time amended or re-enacted;

"**Offering**" means the initial public offering of Spitfyre in connection with the amended and restated prospectus dated May 13, 2022.

"**Person**" means a Company or individual;

"**President's List Purchasers**" means purchasers identified by NeoTerrex or Spitfyre to the Agents under the Private Placements, for which a reduced 3% commission and number of broker warrants will be payable by NeoTerrex and/or Spitfyre to the Agents under the Private Placements, up to an aggregate total of \$750,000 of the amount of the Private Placements;

"**Private Placement Date**" means the date of the closing of the Private Placements;

"**Private Placement Lock-Up Agreements**" means the lock-up agreements anticipated to be required by the Agency Agreement to be entered into by certain senior officers and directors of the Resulting Issuer, pursuant to which such senior officers and directors will agree not to dispose of their Resulting Issuer Shares for a period of 180 days following the Private Placement Date unless they first obtain the written consent of the Agents, subject to certain exceptions;

"**Private Placements**" means the NeoTerrex Private Placement and the Spitfyre Private Placement;

"**Projects**" means, collectively, the Mount Discovery Project, the Rare Earths Projects and the Lithium Projects;

"**Promoter**" means (a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination of them, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an issuer, or (b) a person or company that, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property or both services and property, 10% or more of the issued securities of a class of securities of the issuer or 10% or more of the proceeds from the sale of a class of securities of a particular issue, but a person or company who the securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be considered a Promoter within the meaning of this definition where that person or company does not otherwise take part in founding, organizing, or substantially reorganizing the business;

"QA" means quality assurance;

"QC" means quality control;

"**Qualifying Transaction**" means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means;

"**Rare Earths Projects**" means NeoTerrex's Beauchêne and Lindsay projects, located in Abitibi-Témiscamingue, Quebec, Canada;

"**Related Party Transaction**" has the meaning ascribed to that term under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators, and includes a related party transaction that is determined by the Exchange to be a Related Party Transaction;

"**Resulting Issuer**" means the issuer that was formerly a CPC that exists upon issuance of the Final QT Exchange Bulletin;

"**Resulting Issuer Broker Warrants**" means, collectively, the Spitfyre CS Broker Warrants, Spitfyre Agent Options, NeoTerrex Existing Broker Warrants, NeoTerrex CS Broker Warrants and NeoTerrex FT Broker Warrants, following completion of the Amalgamation;

"**Resulting Issuer Option Plan**" means the Spitfyre Option Plan, following completion of the Transaction;

"**Resulting Issuer Options**" means options of the Resulting Issuer granted pursuant to the Resulting Issuer Option Plan, following completion of the Transaction;

"**Resulting Issuer Replacement Warrants**" means the warrants of Resulting Issuer to acquire Resulting Issuer Shares to be issued in replacement of the NeoTerrex Warrants outstanding immediately prior to the Effective Time, each Resulting Issuer Replacement Warrant entitling the holder thereof to purchase one Resulting Issuer Share at a price equal to the exercise price per NeoTerrex Share of each such NeoTerrex Warrant immediately prior to the Effective Time until the expiry date of each such NeoTerrex Warrant being replaced by a Resulting Issuer Replacement Warrant, in accordance with its terms;

"**Resulting Issuer Shares**" means the common shares in the capital of the Resulting Issuer;

"**Resulting Issuer Warrants**" means, collectively, the Resulting Issuer Replacement Warrants and the Spitfyre Warrants, following completion of the Amalgamation;

"**Roman Project**" means the Roman project of NeoTerrex, located in the Côte-Nord region, Quebec, Canada;

"**Seed Share Resale Restrictions**" means the restrictions described in policy 5.4 – *Escrow, Vendor Considerations and Resale Restrictions* of the Exchange;

"**Significant Assets**" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions would result in the CPC meeting the initial listing requirements of the Exchange;

"**Spitfyre**" means Spitfyre Capital Inc., a corporation existing under the laws of the Province of Ontario;

"**Spitfyre Agent Options**" means the 125,000 non-transferable compensation warrants which entitle Hampton Securities Limited to purchase one Spitfyre Share at an exercise price of \$0.20 per share until June 17, 2025, in accordance with its terms;

"**Spitfyre Audited Financial Statements**" means the audited financial statements of Spitfyre for the financial year ended December 31, 2022 and the period from the date of incorporation on June 24, 2021 to December 31, 2021, including the notes thereto and the report of Spitfyre's auditors thereon;

"Spitfyre CS Broker Warrants" means the broker warrants of Spitfyre to be issued to the Agents (and/or its/their sub-agent(s)) in connection with the Spitfyre Private Placement, concurrently with the conversion of the Spitfyre CS Subscription Receipts, in respect of the Spitfyre CS Subscription Receipts to be sold under the Spitfyre Private Placement, each Spitfyre CS Broker Warrant entitling the holder thereof to purchase one Spitfyre Share at a price of \$0.25 per share for a period of 24 months following the date of issuance thereof;

"Spitfyre CS Subscription Receipts" means the subscription receipts of Spitfyre to be issued in connection with the Spitfyre Private Placement at a price of \$0.25 per subscription receipt, each exchangeable into one Spitfyre Unit, subject to adjustment, without additional consideration;

"Spitfyre Financial Statements" means, collectively, the Spitfyre Audited Financial Statements and the Spitfyre Interim Financial Statements;

"Spitfyre Interim Financial Statements" means the unaudited condensed interim financial statements of Spitfyre for the three and six months ended June 30, 2023, including the notes thereto;

"Spitfyre Option Plan" means the current stock option plan of Spitfyre, which provides that the Board of Spitfyre may, from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers, employees and consultants of Spitfyre, options to purchase Spitfyre Shares;

"Spitfyre Options" means options of Spitfyre granted pursuant to the Spitfyre Option Plan, of which nil are currently issued and outstanding;

"Spitfyre Private Placement" means the sale of Spitfyre CS Subscription Receipts by Spitfyre through the Agents pursuant to the Agency Agreement and the Spitfyre Subscription Receipt Agreement, for a aggregate gross proceeds, together with the aggregate gross proceeds from the NeoTerrex Private Placement, of a minimum of \$2,000,000 and a maximum of \$4,000,000, provided that the aggregate gross proceeds from the sale of the NeoTerrex FT Subscription Receipts may not be greater than two times the aggregate gross proceeds from the sale of the CS Subscription Receipts;

"Spitfyre Shareholder" means a holder of Spitfyre Shares from time to time, and **"Spitfyre Shareholders"** means all of such holders;

"Spitfyre Shareholders' Meeting" means the annual and special meeting of the Spitfyre Shareholders held on October 23, 2023 for the purposes set out in this Filing Statement;

"Spitfyre Shares" means the common shares in the capital of Spitfyre, as presently constituted on the date hereof;

"Spitfyre Subscription Receipt Agreement" means the subscription receipt agreement to be entered into among Computershare, as Subscription Receipt Agent, Spitfyre and the Agents to govern the Spitfyre CS Subscription Receipts and pursuant to which the proceeds of the Spitfyre Private Placement will be held in escrow until completion of the Transaction;

"Spitfyre Unit" means a notional unit issuable by Spitfyre upon conversion of the Spitfyre CS Subscription Receipts in accordance with the terms of the Spitfyre Subscription Receipt Agreement, each of which shall consist of one Spitfyre Share and one-half of one Spitfyre Warrant, subject to adjustment;

"Spitfyre Warrants" means the common share purchase warrants of Spitfyre issuable upon conversion of the Spitfyre CS Subscription Receipts in accordance with the terms of the Spitfyre Subscription Receipt Agreement and forming a part of the Spitfyre Units, each Spitfyre Warrant entitling the holder thereof to purchase one Spitfyre Share at an exercise price of \$0.40 per share for a period of 24 months following the date of issuance thereof;

"Subco" means Spitfyre's wholly-owned subsidiary, 15363497 Canada Inc., a corporation incorporated by Spitfyre pursuant to the provisions of the CBCA for the purposes of the Amalgamation;

"Subco Shares" means the common shares in the capital of Subco;

"Subscription Receipt Agent" means Computershare;

"Subscription Receipt Agreements" means, collectively, the NeoTerrex Subscription Receipt Agreement and the Spitfyre Subscription Receipt Agreement;

"Subscription Receipts" means, collectively, the NeoTerrex CS Subscription Receipts, the NeoTerrex FT Subscription Receipts, and the Spitfyre CS Subscription Receipts;

"Target Company" means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction;

"Tax Act" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended from time to time;

"Transaction" means the business combination between Spitfyre and NeoTerrex whereby Spitfyre will acquire NeoTerrex by way of the Amalgamation, and which will constitute the Qualifying Transaction of Spitfyre pursuant to Exchange Policy 2.4;

"Vendors" means one or all of the beneficial owners of the Significant Assets and/or Target Company;

"Voting Share" means a security of an issuer that:

- (a) is not a debt security; and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to Spitfyre, Subco, NeoTerrex, the Projects and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Reference is made to the Glossary for the definitions of certain abbreviations and terms used in this Filing Statement and in this summary.

This Filing Statement is being prepared in accordance with Exchange Policy 2.4 and Form 3B2 – *Information Required in a Filing Statement for a Qualifying Transaction* of the Manual, in connection with the Transaction.

The Companies

Spitfyre

Spitfyre was incorporated on June 24, 2021 by Certificate of Incorporation issued pursuant to the provisions of the OBCA. Spitfyre is a CPC created pursuant to Exchange Policy 2.4. The principal business of Spitfyre is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction.

Spitfyre completed its initial public offering of Spitfyre Shares on June 17, 2022. Spitfyre currently has 5,750,000 Spitfyre Shares issued and outstanding, nil Spitfyre Options outstanding and 125,000 Spitfyre Agent Options outstanding.

Spitfyre is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and the Spitfyre Shares are listed on the Exchange under the trading symbol "FYRE.P".

Subco

Subco is a private company incorporated under the CBCA on September 14, 2023. Subco is a wholly-owned subsidiary of Spitfyre and was incorporated for the purposes of completing the Amalgamation.

NeoTerrex

NeoTerrex is a private company incorporated on July 7, 2021 under the laws of Canada and is engaged in advancing its prospective rare earths and lithium projects located in the province of Quebec, with most of its activities focused on the Mount Discovery Project.

NeoTerrex currently has 59,744,000 NeoTerrex Shares issued and outstanding and 3,296,300 NeoTerrex Existing Broker Warrants outstanding.

NeoTerrex is not a reporting issuer in any jurisdiction of Canada and no public market exists for the NeoTerrex Shares.

The Mount Discovery Project

The Mount Discovery Project is located east of the village of Fort-Coulonge inside Litchfield, Mansfield, Leslie, Huddersfield and Pontefract Townships in the Outaouais Administrative Region, Province of Québec, Canada. The Mount Discovery Project is accessible using Highways 148 and 301 and gravel roads. All-terrain vehicle trails provide access to most parts of the Mount Discovery Project.

This project is composed of six (6) claim blocks consisting of one hundred eighty-nine (189) mining titles covering a total area of 11,187.1 hectares 100% owned by NeoTerrex. Sixty-four (64) mining claims are subject to a 2.5% net smelter royalty. NeoTerrex has the right to purchase back one-half (1.25%) of such royalty for \$1,000,000.

To date, a total of 22 rare earth elements occurrences (>1% total rare earth oxide) have been located on the Mount Discovery Project and eight different sites have been excavated. Channel sampling results from King showing returned 27.2 metres of 3.5% total rare earth oxide.

The Transaction

NeoTerrex Private Placement

In connection with the Transaction, NeoTerrex intends to complete the NeoTerrex Private Placement through the Agents, whereby it anticipates selling NeoTerrex CS Subscription Receipts and NeoTerrex FT Subscription Receipts, at a price of \$0.25 per NeoTerrex CS Subscription Receipt and \$0.30 per NeoTerrex FT Subscription Receipt, for gross proceeds, together with the aggregate gross proceeds from the Spitfyre Private Placement, of a minimum of \$2,000,000 and a maximum of \$4,000,000, provided that the aggregate gross proceeds from the sale of the NeoTerrex FT Subscription Receipts may not be greater than two times the aggregate gross proceeds from the sale of the CS Subscription Receipts. NeoTerrex anticipates entering into the Agency Agreement and the NeoTerrex Subscription Receipt Agreement in respect of the NeoTerrex Private Placement.

Each NeoTerrex CS Subscription Receipt issued in connection with the NeoTerrex Private Placement will be automatically converted immediately prior to the completion of the Amalgamation, without further payment or action on the part of the holder, upon satisfaction of the Escrow Release Conditions, into one NeoTerrex Unit, subject to adjustment as provided for in the NeoTerrex Subscription Receipt Agreement. Each NeoTerrex Unit is comprised of one NeoTerrex Share and one-half of one NeoTerrex Warrant. Each whole NeoTerrex Warrant will entitle the holder thereof to purchase one NeoTerrex Share at a price of \$0.40 per NeoTerrex Share for a period of 24 months following the date of issuance thereof, subject to adjustment in certain events.

Each NeoTerrex FT Subscription Receipt issued in connection with the NeoTerrex Private Placement will be automatically converted immediately prior to the completion of the Amalgamation, without further payment or action on the part of the holder, upon satisfaction of the Escrow Release Conditions, into one NeoTerrex Share issued on a flow-through basis under the *Income Tax Act* (Canada), subject to adjustment in certain events.

Subject to certain assumptions discussed below under the heading "*Summary of the Filing Statement – The Transaction – Amalgamation*", the NeoTerrex Shares and the NeoTerrex Warrants comprising the NeoTerrex Units will be exchanged for Resulting Issuer Shares and Resulting Issuer Replacement Warrants, respectively, in accordance with the terms of the Amalgamation.

A portion of the gross proceeds of the NeoTerrex Private Placement, forming part of the Escrowed Funds, will be delivered to and held in escrow by the Subscription Receipt Agent in accordance with the NeoTerrex Subscription Receipt Agreement and will be released to NeoTerrex upon the satisfaction of the Escrow Release Conditions, provided that the Escrow Release Conditions are satisfied at or prior to the Escrow Release Deadline.

In connection with the NeoTerrex Private Placement, the Agents will be entitled to be (i) paid a cash commission equal to 7.5% of the gross proceeds from the sale of the NeoTerrex Subscription Receipts, 50% of which will be paid on the Private Placement Date and 50% of which will be payable upon the release of the Escrowed Funds, (ii) issued NeoTerrex CS Broker Warrants in an amount equal to 7.5% of the number of the issued NeoTerrex CS Subscription Receipts sold under the NeoTerrex Private Placement upon the satisfaction of the Escrow Release Conditions, and (iii) issued NeoTerrex FT Broker Warrants in an amount equal to 7.5% of the number of issued NeoTerrex FT Subscription Receipts sold under the NeoTerrex Private Placement upon the satisfaction of the Escrow Release Conditions. A reduced cash commission (3%) will be payable and a reduced number (3%) of NeoTerrex CS Broker Warrants and NeoTerrex FT Broker Warrants will be issuable in respect of the sale of NeoTerrex Subscription Receipts to purchasers identified by NeoTerrex or Spitfyre to the Agents up to a maximum aggregate total of \$750,000 (including any such amount identified under the Spitfyre Private Placement) of the amount of the Private Placements. The 50% portion of the cash commissions and the Agent's reasonable expenses which will be payable to the Agents on the Private Placement Date in respect of the Spitfyre Private Placement will be paid out of the gross proceeds of the NeoTerrex Private Placement.

It is anticipated that the Agency Agreement will require certain senior officers and directors of the Resulting Issuer to enter into the Private Placement Lock-Up Agreements pursuant to which such senior officers and directors will agree not to dispose of their Resulting Issuer Shares for a period of 180 days following the Private Placement Date unless they first obtain the written consent of the Agents, subject to certain exceptions.

Spitfyre Private Placement

In connection with the Transaction, Spitfyre intends to complete the Spitfyre Private Placement through the Agents, whereby it anticipates selling Spitfyre CS Subscription Receipts at a price of \$0.25 per Spitfyre CS Subscription Receipt, for gross proceeds, together with the aggregate gross proceeds from the NeoTerrex Private Placement, of a minimum of \$2,000,000 and a maximum of \$4,000,000, provided that the aggregate gross proceeds from the sale of the NeoTerrex FT Subscription Receipts may not be greater than two times the aggregate gross proceeds from the sale of the CS Subscription Receipts. Spitfyre anticipates entering into the Agency Agreement and the Spitfyre Subscription Receipt Agreement in respect of the Spitfyre Private Placement.

Each Spitfyre CS Subscription Receipt issued in connection with the Spitfyre Private Placement will be automatically converted immediately prior to the completion of the Amalgamation, without further payment or action on the part of the holder, upon satisfaction of the Escrow Release Conditions, into one Spitfyre Unit, subject to adjustment as provided for in the Spitfyre Subscription Receipt Agreement. Each Spitfyre Unit is comprised of one Spitfyre Share and one-half of one Spitfyre Warrant. Each whole Spitfyre Warrant will entitle the holder thereof to purchase one Spitfyre Share at a price of \$0.40 per Spitfyre Share for a period of 24 months following the date of issuance thereof, subject to adjustment in certain events.

The full gross proceeds of the Spitfyre Private Placement will be delivered to and held in escrow by the Subscription Receipt Agent in accordance with the Spitfyre Subscription Receipt Agreement and will be released to Spitfyre upon the satisfaction of the Escrow Release Conditions, provided that the Escrow Release Conditions are satisfied at or prior to the Escrow Release Deadline. The 50% portion of the cash commissions and the Agent's reasonable expenses which will be payable to the Agents on the Private Placement Date in respect of the Spitfyre Private Placement will be paid out of the gross proceeds of the NeoTerrex Private Placement.

In connection with the Spitfyre Private Placement, the Agents will be entitled to be (i) paid a cash commission equal to 7.5% of the gross proceeds from the sale of the Spitfyre CS Subscription Receipts, 50% of which will be paid out of the gross proceeds of the NeoTerrex Private Placement on the Private Placement Date and 50% of which will be payable upon the release of the Escrowed Funds, and (ii) issued Spitfyre CS Broker Warrants in an amount equal to 7.5% of the number of the issued Spitfyre CS Subscription Receipts sold under the Spitfyre Private Placement upon the satisfaction of the Escrow Release Conditions. A reduced cash commission (3%) will be payable and a reduced number (3%) of Spitfyre CS Broker Warrants will be issuable in respect of the sale of Spitfyre CS Subscription Receipts to purchasers identified by NeoTerrex or Spitfyre to the Agents up to a maximum aggregate total of \$750,000 (including any such amount identified under the NeoTerrex Private Placement) of the amount of the Private Placements.

Spitfyre Shareholders' Meeting

Pursuant to the Amalgamation Agreement, Spitfyre held the Spitfyre Shareholders' Meeting on October 23, 2023 for the purpose of, among other things, approving (i) the Name Change, (ii) the Continuance and (iii) the NeoTerrex Director Appointments.

NeoTerrex Shareholders' Meeting

Pursuant to the Amalgamation Agreement, NeoTerrex will hold the NeoTerrex Shareholders' Meeting for the purpose of, among other things, approving the Amalgamation and the Amalgamation Agreement.

Amalgamation

On October 4, 2023, Spitfyre and NeoTerrex, together with Subco, entered into the Amalgamation Agreement. Pursuant to the Amalgamation Agreement, among other things, it is expected that at the Effective Time the following will occur without further act or formality:

- (i) NeoTerrex and Subco will amalgamate and continue as Amalco;
- (ii) each NeoTerrex Share outstanding immediately prior to the Effective Time held by a Dissenting NeoTerrex Shareholder will become an entitlement to be paid the fair value of such share;

- (iii) each NeoTerrex Share (other than those held by Dissenting NeoTerrex Shareholders) outstanding immediately prior to the Effective Time shall be cancelled and, in consideration therefor, the holder of such NeoTerrex Share shall receive one (1) fully paid and non-assessable Resulting Issuer Share;
- (iv) each NeoTerrex Warrant outstanding immediately prior to the Effective Time shall be cancelled and, in consideration therefor, the holder of such NeoTerrex Warrant shall receive one (1) Resulting Issuer Replacement Warrant;
- (v) each NeoTerrex Broker Warrant outstanding immediately prior to the Effective Time shall, in accordance with the terms of such NeoTerrex Broker Warrant, entitle the holder thereof to purchase one (1) Resulting Issuer Share for every one NeoTerrex Share into which a NeoTerrex Broker Warrant may be exercised (the vesting dates and the expiry time of the NeoTerrex Broker Warrants shall remain unchanged);
- (vi) each Subco Share outstanding immediately prior to the Effective Time shall be cancelled and, in consideration therefor, Amalco shall issue one Amalco Share to Spitfyre;
- (vii) the property of each of Subco and NeoTerrex shall continue to be the property of Amalco and Amalco shall continue to be liable for the obligations of each of Subco and NeoTerrex; and
- (viii) Amalco will be a direct wholly-owned subsidiary of Spitfyre.

Based on the foregoing and the number of NeoTerrex Shares and securities convertible into NeoTerrex Shares currently outstanding or anticipated to be outstanding immediately prior to the Amalgamation and assuming the Escrow Release Conditions are satisfied at or prior to the Escrow Release Deadline, pursuant to the terms of the Amalgamation Agreement:

- (a) assuming the completion of the Minimum Private Placements, and further assuming that only NeoTerrex Subscription Receipts are issued pursuant to the Private Placements and no Spitfyre CS Subscription Receipts are issued pursuant to the Private Placements:
 - (i) 66,855,111 Spitfyre Shares are expected to be issued to the NeoTerrex Shareholders in exchange for 66,855,111 NeoTerrex Shares, being all of the NeoTerrex Shares which are expected to be issued and outstanding immediately prior to the Amalgamation upon the automatic conversion of the NeoTerrex Subscription Receipts, based on the foregoing assumptions;
 - (ii) 1,333,334 Resulting Issuer Replacement Warrants to purchase 1,333,334 Resulting Issuer Shares are expected to be issued to the holders of NeoTerrex Warrants in exchange for 1,333,334 NeoTerrex Warrants to purchase 1,333,334 NeoTerrex Shares, being all of the NeoTerrex Warrants which are expected to be issued and outstanding immediately prior to the Amalgamation upon the automatic conversion of the NeoTerrex Subscription Receipts, based on the foregoing assumptions; and
 - (iii) 3,829,633 NeoTerrex Broker Warrants are expected to entitle the holders thereof to purchase 3,829,633 Resulting Issuer Shares instead of 3,829,633 NeoTerrex Shares, being all of the NeoTerrex Broker Warrants which are expected to be issued and outstanding immediately prior to the Amalgamation, based on the foregoing assumptions and assuming nil President's List Purchasers;
- (b) assuming the completion of the Maximum Private Placements, and further assuming that only NeoTerrex Subscription Receipts are issued pursuant to the Private Placements and no Spitfyre CS Subscription Receipts are issued pursuant to the Private Placements:
 - (i) 75,744,000 Spitfyre Shares are expected to be issued to the NeoTerrex Shareholders in exchange for 75,744,000 NeoTerrex Shares, being all of the NeoTerrex Shares which are expected to be issued and outstanding immediately prior to the Amalgamation upon the

automatic conversion of the NeoTerrex Subscription Receipts, based on the foregoing assumptions;

- (ii) 8,000,000 Resulting Issuer Replacement Warrants to purchase 8,000,000 Resulting Issuer Shares are expected to be issued to the holders of NeoTerrex Warrants in exchange for 8,000,000 NeoTerrex Warrants to purchase 8,000,000 NeoTerrex Shares, being all of the NeoTerrex Warrants which are expected to be issued and outstanding immediately prior to the Amalgamation upon the automatic conversion of the NeoTerrex Subscription Receipts, based on the foregoing assumptions; and
- (iii) 4,496,300 NeoTerrex Broker Warrants are expected to entitle the holders thereof to purchase 4,496,300 Resulting Issuer Shares instead of 4,496,300 NeoTerrex Shares, being all of the NeoTerrex Broker Warrants which are expected to be issued and outstanding immediately prior to the Amalgamation, based on the foregoing assumptions and assuming nil President's List Purchasers.

After giving effect to the Amalgamation, all Spitfyre Shares shall be referred to herein as "Resulting Issuer Shares".

Interests of Insiders

The following is a summary of the interests of any Insider, Promoter or Control Person of Spitfyre and their respective Associates and Affiliates (before and after giving effect to the Transaction), including any consideration that such individual may receive if the Transaction proceeds.

Insider, Promoter, Control Person	Position	Number and Percentage of Spitfyre Shares as at the Date of the Filing Statement ⁽¹⁾		Number and Percentage of Resulting Issuer Shares upon Completion of the Transaction ⁽²⁾			
				Assuming Completion of the Minimum Private Placements		Assuming Completion of the Maximum Private Placements	
Matthew McMillan ⁽³⁾	Current Chief Executive Officer, Corporate Secretary and Director	900,000	15.65%	900,000	1.24%	900,000	1.10%
Simon Sokol ⁽³⁾	Current Chief Financial Officer and Director	200,000	3.48%	200,000	0.28%	200,000	0.25%
Ralph Garcea ⁽³⁾	Current Director	800,000	13.91%	800,000	1.10%	800,000	0.98%
Ben Sokol ⁽³⁾	Current Directors	800,000	13.91%	800,000	1.10%	800,000	0.98%
Gordon McMillan ⁽³⁾	Current Director	797,000	13.86%	797,000	1.10%	797,000	0.98%
Bülent Pakdil	Current 10% Holder	800,000	13.91%	800,000	1.10%	800,000	0.98%
Pat DiCapo	Current 10% Holder	800,000	13.91%	2,300,000 ⁽⁵⁾	3.17% ⁽⁵⁾	2,300,000 ⁽⁵⁾	2.82% ⁽⁵⁾
Mathieu Stephens	Proposed President, Chief Executive Officer and Director	Nil	Nil	3,600,000	4.96%	3,600,000	4.42%
Vatché Tchakmakian	Proposed Chief Financial Officer and Corporate Secretary	Nil	Nil	640,000	0.88%	640,000	0.79%
Dale Burstall	Proposed Director	Nil	Nil	720,000	0.99%	720,000	0.88%
Alastair Neill	Proposed Director	Nil	Nil	200,000	0.28%	200,000	0.25%
Rajesh Sharma ⁽⁴⁾	Proposed Director	Nil	Nil	150,000	0.21%	150,000	0.18%
Denis Pilon	Proposed Director	Nil	Nil	Nil	Nil	Nil	Nil
Fancamp Exploration Ltd.	Proposed 10% Holder	Nil	Nil	10,709,777	14.75%	12,224,100	15.00%

Insider, Promoter, Control Person	Position	Number and Percentage of Spitfyre Shares as at the Date of the Filing Statement ⁽¹⁾		Number and Percentage of Resulting Issuer Shares upon Completion of the Transaction ⁽²⁾			
				Assuming Completion of the Minimum Private Placements		Assuming Completion of the Maximum Private Placements	
HTS Holdings Inc.	Proposed 10% Holder	Nil	Nil	10,709,777	14.75%	12,224,100	15.00%

Notes:

- As at the date of the Filing Statement, there are 5,750,000 Spitfyre Shares outstanding.
- Upon completion of the Transaction, it is anticipated that there will be 72,605,111 Resulting Issuer Shares outstanding, assuming the Minimum Private Placements, and 81,494,000 Resulting Issuer Shares outstanding, assuming the Maximum Private Placements. This assumes that the applicable Insider, Promoter and/or Control Person does not purchase any securities under the Private Placements, with the exception of Fancamp Exploration Ltd., which is anticipated to purchase such number of subscription receipts under the Private Placements as will result in it holding 14.75% (in the case of the Minimum Private Placements) or 15% (in the case of the Maximum Private Placements) of the issued and outstanding Resulting Issuer Shares following the completion of the Transaction, and HTS Holdings Inc., which is anticipated to purchase such number of subscription receipts under the Private Placements as will result in it holding 14.75% (in the case of the Minimum Private Placements) or 15% (in the case of the Maximum Private Placements) of the issued and outstanding Resulting Issuer Shares following the completion of the Transaction. Fancamp Exploration Ltd. and HTS Holdings Inc. will not be permitted to collectively purchase more than 50% of the Subscription Receipts sold under the Private Placements.
- Matthew McMillan, Simon Sokol, Ralph Garcea, Ben Sokol and Gordon McMillan will resign as officers and/or directors of Spitfyre concurrently with the closing of the Transaction.
- Resulting Issuer Shares to be owned by Mr. Sharma's spouse.
- Includes 1,500,000 Resulting Issuer Shares to be issued in exchange for 1,500,000 NeoTerrex Shares held by DiCapo Family Trust, a trust of which Pat DiCapo is a trustee.

Arm's Length Transaction

The Transaction is not a Non-Arm's Length Qualifying Transaction.

Available Funds and Principal Purposes

As at October 31, 2023, Spitfyre had a working capital of \$336,000 and NeoTerrex had a working capital of \$2,843,000. Assuming completion of the Minimum Private Placements and nil President's List Purchasers, upon completion of the Transaction, Escrowed Funds in the anticipated net amount of \$1,810,000 will be released from escrow and the pro forma working capital of the Resulting Issuer will be \$4,989,000. Assuming completion of the Maximum Private Placements and assuming nil President's List Purchasers, upon completion of the Transaction, the Escrowed Funds in the anticipated net amount of \$3,660,000 will be released from escrow and the pro forma working capital of the Resulting Issuer will be \$6,839,000.

The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives. The following table shows the foreseeable available funds and the principal purposes for which the available funds are intended to be used by the Resulting Issuer, based on currently available information:

Available Funds:	Estimated Amount Assuming Completion of the Minimum Private Placements	Estimated Amount Assuming Completion of the Maximum Private Placements
Estimated Consolidated Working Capital (as at October 31, 2023)	\$3,179,000	\$3,179,000
Net Proceeds from the Private Placements	\$1,810,000 ⁽¹⁾	\$3,660,000 ⁽²⁾
Total Available Funds	\$4,989,000	\$6,839,000
Anticipated Uses of Funds:		
Exploration ⁽³⁾	\$2,969,000	\$2,969,000
Remaining Estimated Cost of Transaction	\$138,000	\$143,000
General and Administrative ⁽⁴⁾	\$649,800	\$649,800
Unallocated Working Capital	\$1,232,200	\$3,077,200
Total Uses	\$4,989,000	\$6,839,000

Notes:

1. Assuming nil President's List Purchasers and anticipated expenses of the Agents in the amount of \$40,000 payable out of the proceeds of the Private Placements. Represents gross proceeds of \$2,000,000 less \$150,000 in commissions and less \$40,000 of expected Agents' expenses (\$60,000 less a \$20,000 retainer previously provided to the Agents by NeoTerrex).
2. Assuming nil President's List Purchasers and anticipated expenses of the Agents in the amount of \$40,000 payable out of the proceeds of the Private Placements. Represents gross proceeds of \$4,000,000 less \$300,000 in commissions and less \$40,000 of expected Agents' expenses (\$60,000 less a \$20,000 retainer previously provided to the Agents by NeoTerrex).
3. Exploration costs include all costs related to the operating activities of the Resulting Issuer and are broken down as follows.

	C\$
Exploration Expenses on Mount Discovery Project (Phase 1 and 2)	2,549,000
Exploration Expenses on Rare Earth Projects and Lithium Projects	300,000
Claim Renewal and Maintenance Cost	20,000
Identification and Evaluation of Future Potential Acquisitions	100,000
TOTAL	2,969,000

4. General and administrative includes costs related to salaries, professional and consulting fees, office and administrative expenses, regulatory and transfer agent fees, insurance, tax, permits, and conference and promotion expenses.

The above uses of available funds should be considered estimates. Please see the discussion under "*Forward-Looking Information*".

For additional information, please see the discussion under the heading "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Selected Pro Forma Consolidated Financial Information

The following sets out selected pro forma financial information of the Resulting Issuer. This table should be read in conjunction with the unaudited pro forma consolidated balance sheet of the Resulting Issuer included in this Filing Statement as Appendix "K".

	Pro Forma Balance Sheet (\$)	
	Assuming Completion of the Minimum Private Placements	Assuming Completion of the Maximum Private Placements
Current Assets	\$5,360,985	\$7,210,985
Non-current Assets	\$-	\$-
Total Liabilities	\$517,927	\$162,371
Shareholders' Equity	\$4,843,058	\$7,048,614

Exchange Listing and Market Price

The Spitfyre Shares began trading on the Exchange on June 22, 2022 under the trading symbol "FYRE.P". Trading of the Spitfyre Shares was halted on June 28, 2023, in connection with the announcement of the Transaction. The closing price of the Spitfyre Shares on June 27, 2023, the last day the Spitfyre Shares traded prior to the trading halt, was \$0.27.

No public market exists for any securities of NeoTerrex.

The Spitfyre Shares are currently listed under Tier 2 on the Exchange. The Exchange has provided conditional acceptance of the listing of the Resulting Issuer Shares upon the completion of the Transaction. Listing is subject to the Resulting Issuer fulfilling all of the listing requirements of the Exchange.

Relationship between the Agent and Spitfyre

iA Private Wealth Inc. and Canaccord Genuity Corp. are anticipated to be the Agents in connection with the Private Placements. In addition to a cash commission payable to the Agents equal to 7.5% of the gross proceeds from the sale of the NeoTerrex Subscription Receipts and of the Spitfyre CS Subscription Receipts (or 3% of the gross proceeds from the sale of the NeoTerrex Subscription Receipts and of the Spitfyre CS Subscription Receipts to purchasers identified by NeoTerrex or Spitfyre to the Agents up to maximum gross proceeds of \$750,000), 50% of which will be paid on the Private Placement Date and 50% of which will be payable upon the release of the Escrowed Funds, the Agents will receive the NeoTerrex CS Broker Warrants, NeoTerrex FT Broker Warrants and the Spitfyre CS Broker

Warrants upon satisfaction of the Escrow Release Conditions as partial consideration for their services in connection with the Private Placements.

Sponsorship

The Exchange has granted Spitfyre an exemption from the sponsorship requirements of Exchange Policy 2.2.

Neither NeoTerrex nor Spitfyre has entered into any agreements with any registrant to provide sponsorship or corporate finance services.

For additional information, please see the discussion under "*General Matters – Sponsor*".

Conflicts of Interest

Other than as disclosed below, as of the date of this Filing Statement and to the knowledge of the directors and officers of Spitfyre and NeoTerrex, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers following the completion of the Transaction.

Mathieu Stephens, the proposed President, Chief Executive Officer and a director of the Resulting Issuer, holds a 2.0% net smelter royalty with respect to certain claims forming the Roman Project, pursuant to the Roman Project Agreement among Mathieu Stephens, Kimberly Holzman and NeoTerrex.

Mr. Stephens and Glenn Griesbach hold a 2.5% net smelter royalty with respect to certain claims forming the Mount Discovery Project, pursuant to the Mount Discovery Project Agreement among Mathieu Stephens, Glenn Griesbach and NeoTerrex, 20% of which net smelter royalty has been assigned to HTS Holdings Inc., pursuant to the net smelter royalty assignment agreement made as of July 27, 2022 between Mathieu Stephens, Glenn Griesbach and HTS Holdings Inc.

Names and Interest of Experts and Others

Alain-Jean Beauregard, P. Geo. (an independent "Qualified Person", as defined in NI 43-101) and Daniel Gaudreault, P. Eng. (an independent "Qualified Person", as defined in NI 43-101) of Geologica Groupe-Conseil Inc. prepared the Mount Discovery Technical Report. Mr. Beauregard and Mr. Gaudreault are not currently, nor are they expected to be elected, appointed or employed as, a director, officer or employee of Spitfyre, NeoTerrex or the Resulting Issuer, or of any Associate or Affiliate of the Resulting Issuer.

MNP LLP is the auditor of Spitfyre and is independent of Spitfyre within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Raymond Chabot Grant Thornton LLP is the auditor of NeoTerrex and is independent of NeoTerrex within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

No Person or Company whose profession or business gives authority to a statement made by the Person or Company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds any beneficial interest, direct or indirect, in any property of Spitfyre, NeoTerrex or the Resulting Issuer or of an Associate or Affiliate of Spitfyre, NeoTerrex or the Resulting Issuer and no such Person is expected to be elected, appointed or employed as a director, senior officer or employee of Spitfyre, NeoTerrex or the Resulting Issuer or of an Associate or Affiliate of Spitfyre, NeoTerrex or the Resulting Issuer and no such Person is a Promoter of Spitfyre, NeoTerrex or the Resulting Issuer or an Associate or Affiliate of Spitfyre, NeoTerrex or the Resulting Issuer.

For additional information, please see the discussion under "*Information Concerning the Resulting Issuer – Experts – Names and Interest of Experts and Others*".

Risk Factors

AN INVESTMENT IN SECURITIES OF SPITFYRE AND, FOLLOWING THE COMPLETION OF THE TRANSACTION, THE RESULTING ISSUER IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

The Resulting Issuer's business, being the acquisition, exploration and development of mineral properties in Canada, is speculative and involves a high degree of risk. The risk factors listed below could materially affect the Resulting Issuer's financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Resulting Issuer. Such risks include, but are not limited to: (a) the Transaction and the Private Placements may not be completed; (b) nature of mineral exploration and mining; (c) exploration, development and operations; (d) liquidity and additional financing; (e) no earnings and history of losses; (f) volatility of commodity prices; (g) acquiring title; (h) title matters; (i) insurance and uninsured risks; (j) environmental risks and hazards; (k) construction and start-up of new mines; (l) infrastructure; (m) competition for exploration, development and operation rights; (n) uncertainty and inherent sample variability; (o) governmental regulation; (p) labour and employment matters; (q) attracting and retaining talented personnel; (r) possible conflicts of interest of directors and officers of the Resulting Issuer; (s) permitting risk; (t) community relationships; (u) volatility of market for Resulting Issuer Shares; (v) dilution risk; and (w) dividends; (x) early stage development; (y) ability to exploit future developments; (z) deficient third parties' reviews, reports and projections; (aa) operating hazards and risks; (bb) reliability of mineral resource estimates; (cc) uncertainty relating to mineral resources; (dd) property commitments; (ee) dependence on the Mount Discovery Project; (ff) option and joint venture agreements; (gg) mineral properties may be subject to rights of indigenous peoples; (hh) volatile global financial and economic conditions; (ii) limited market for securities; (jj) disruption of business; (kk) public health crises; (ll) additional costs may be incurred by mineral property operators as a result of international climate change initiatives; (mm) disruption from non-governmental organizations; and (nn) health & safety. For additional information, please see the discussion under "*Risk Factors*".

Conditional Acceptance of the Exchange

The Exchange has conditionally accepted the Transaction subject to Spitfyre fulfilling all of the requirements of the Exchange.

RISK FACTORS

An investment in the Resulting Issuer Shares should be considered highly speculative, not only due to the nature of NeoTerrex's business and operations, but also because of the uncertainty related to completion of the Transaction. In addition to the other information in this Filing Statement, an investor should carefully consider each of, and the cumulative effect of, the following factors, which assume the completion of the Transaction. Except as noted, these risk factors have been drafted in a manner so as to assume the completion of the Transaction.

The Transaction May Not Be Completed

The Transaction is subject to final acceptance by the Exchange as evidenced by the Final QT Exchange Bulletin and the approval of the NeoTerrex Shareholders. There can be no assurance that all of the necessary approvals will be obtained. If the Transaction is not completed for any reason, Spitfyre will continue to search for and evaluate other investment opportunities; however, it will have incurred significant costs associated with the failed implementation of the Transaction.

The Private Placements May Not Be Completed

The Transaction is subject to the completion of the Private Placements. There can be no assurance that the Private Placements will be completed as anticipated or at all. If the Private Placements are not completed, for any reason, for sufficient gross proceeds as required under the policies of the Exchange, the Transaction will not be completed and Spitfyre will have incurred significant costs associated with the failed implementation of the Transaction and the Private Placements.

Nature of Mineral Exploration and Mining

The Resulting Issuer's future is dependent on its exploration and development programs. The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which may not be eliminated even through a combination of careful evaluation, experience and knowledge. Few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures on the Resulting Issuer's exploration properties may be required to construct or repair mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary or full feasibility studies on the Resulting Issuer's projects, or the current or proposed exploration programs on any of the properties in which the Resulting Issuer has exploration rights, will result in any profitable commercial mining operations. The Resulting Issuer cannot give any assurance that its current and future exploration activities will result in a discovery of mineral deposits containing mineral reserves.

Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: the particular attributes of the deposit, such as its size and grade; unusual or unexpected geological formations and metallurgy; proximity to infrastructure; financing costs; metal prices, which are highly volatile; and governmental regulations, including those relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of metal concentrates, exchange controls and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of any or all of these factors may result in the Resulting Issuer not receiving an adequate return on its invested capital or suffering material adverse effects to its business and financial condition. Exploration and development projects also face significant operational risks including but not limited to an inability to obtain access rights to properties, accidents, equipment breakdowns, labour disputes (including work stoppages and strikes), and other unanticipated interruptions.

Exploration, Development and Operations

The long term profitability of the Resulting Issuer's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors, including the Resulting Issuer's ability to extend the permitted term of exploration granted by the underlying claims, concessions and leases. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in

the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis.

Liquidity and Additional Financing

The Resulting Issuer's ability to continue its business operations is dependent on management's ability to secure additional financing. The Resulting Issuer's only source of liquidity is its cash and cash equivalent balances. Liquidity requirements are managed based upon forecasted cash flows to ensure that there is sufficient working capital to meet the Resulting Issuer's obligations.

The advancement, exploration and development of the Resulting Issuer's properties, including continuing exploration and development projects, and, if warranted, construction or repair of mining facilities and the commencement of mining operations, will require substantial additional financing. As a result, the Resulting Issuer may be required to seek additional sources of equity financing in the near future. The Resulting Issuer's ability to raise additional equity financing may be affected by numerous factors beyond its control including, but not limited to, adverse market conditions, commodity price changes and economic downturns. There can be no assurance that the Resulting Issuer will be successful in obtaining any additional financing required to continue its business operations and/or to maintain its property interests, or that such financing will be sufficient to meet the Resulting Issuer's objectives or obtained on terms favourable to the Resulting Issuer. Failure to obtain sufficient financing as and when required may result in the delay or indefinite postponement of exploration and/or development on any or all of the Resulting Issuer's properties, or even a loss of its property interests, which would have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

No Earnings and History of Losses

The business of developing and exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. NeoTerrex does not have any history of earnings or profitability. The Resulting Issuer has not determined whether any of its properties contains economically recoverable reserves of mineralized material and currently has not earned any revenue from its projects; therefore, the Resulting Issuer does not generate cash flow from its operations. There can be no assurance that significant additional losses will not occur in the future. The Resulting Issuer's operating expenses and capital expenditures may increase in future years with advancing exploration, development and/or production from the Resulting Issuer's properties. The Resulting Issuer does not expect to receive revenues from operations in the foreseeable future and expects to incur losses until such time as one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. There is no assurance that any of the Resulting Issuer's properties will eventually enter commercial operation. There is also no assurance that new capital will become available, and if it does not, the Resulting Issuer may be forced to substantially curtail or cease operations.

Because NeoTerrex has a limited operating history, investors should consider and evaluate the Resulting Issuer's operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that its growth strategy may not be successful; and
- risks that fluctuation in its operating results will be significant relative to its revenues.

The Resulting Issuer's future growth will depend substantially on its ability to address this and other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

Volatility of Commodity Prices

The development of the Resulting Issuer's properties is dependent on the future prices of minerals and metals. As well, should any of the Resulting Issuer's properties eventually enter commercial production, the Resulting Issuer's profitability will be significantly affected by changes in the market prices of minerals and metals.

Precious metals prices are subject to volatile price movements, which can be material and occur over short periods of time and which are affected by numerous factors, all of which are beyond the Resulting Issuer's control. Such factors include, but are not limited to, interest and exchange rates, inflation or deflation, fluctuations in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, speculative trading, the costs of and levels of precious metals production, and political and economic conditions. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, the strength of and confidence in the U.S. dollar (the currency in which the prices of precious metals are generally quoted), and political developments.

The effect of these factors on the prices of precious metals, and therefore the economic viability of any of the Resulting Issuer's exploration projects, cannot be accurately determined. The prices of commodities have historically fluctuated widely, and future price declines could cause the development of (and any future commercial production from) the Resulting Issuer's properties to be impracticable or uneconomical. As such, the Resulting Issuer may determine that it is not economically feasible to commence commercial production at some or all of its properties, which could have a material adverse impact on the Resulting Issuer's financial performance and results of operations. In such a circumstance, the Resulting Issuer may also curtail or suspend some or all of its exploration activities.

Acquiring Title

The acquisition of title to mineral properties is a very detailed and time-consuming process. The Resulting Issuer may not be the registered holder of some or all of the claims, concessions and leases comprising the Projects or any of the mineral projects of the Resulting Issuer. These claims, concessions or leases may currently be registered in the names of other individuals or entities, which may make it difficult for the Resulting Issuer to enforce its rights with respect to such claims, concessions or leases. There can be no assurance that proposed or pending transfers will be effected as contemplated. Failure to acquire title to any of the claims, concessions or leases at one or more of the Resulting Issuer's projects may have a material adverse impact on the financial condition and results of operations of the Resulting Issuer.

Title Matters

Once acquired, title to, and the area of, mineral properties may be disputed. There is no guarantee that title to one or more claims, concessions or leases at the Resulting Issuer's projects will not be challenged or impugned. There may be challenges to any of the Resulting Issuer's titles which, if successful, could result in the loss or reduction of the Resulting Issuer's interest in such titles. The Resulting Issuer's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Resulting Issuer may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. The failure to comply with all applicable laws and regulations, including a failure to pay taxes or to carry out and file assessment work, can lead to the unilateral termination of concessions by mining authorities or other governmental entities.

Insurance and Uninsured Risks

The Resulting Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, catastrophic equipment failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Resulting Issuer's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Resulting Issuer will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums.

Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Resulting Issuer or to other companies in the mining industry on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards that may not be insured against or that the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of the Resulting Issuer's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Resulting Issuer's business, financial condition and results of operations.

Government environmental approvals and permits are currently, or may in the future be, required in connection with the Resulting Issuer's operations. To the extent such approvals are required and not obtained, the Resulting Issuer may be curtailed or prohibited from proceeding with planned exploration, development or operation of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations, including the Resulting Issuer, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of companies in the mining industry, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

Construction and Start-up of New Mines

The success of construction projects and the start up of new mines by the Resulting Issuer is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), and the successful completion and operation of operational elements that have to be factored in. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Resulting Issuer is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start-up of new mines as planned. There can be no assurance that current or future construction and start-up plans implemented by the Resulting Issuer will be successful; that the Resulting Issuer will be able to obtain sufficient funds to finance construction and start-up activities; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that the Resulting Issuer will be able to obtain all necessary governmental approvals and permits; and that the completion of the construction, the start-up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Resulting Issuer. Any of the foregoing factors could adversely impact the operations and financial condition of the Resulting Issuer.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Resulting Issuer's business, financial condition and results of operations.

Competition for Exploration, Development and Operation Rights

The mining industry is intensely competitive in all of its phases and the Resulting Issuer competes with many companies possessing greater financial and technical resources than the Resulting Issuer. Competition in the precious metals mining industry is primarily for: mineral rich properties that can be developed and produced economically; the technical expertise to find, develop and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a global basis. Such competition may result in the Resulting Issuer being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Resulting Issuer's prospects for mineral exploration and success in the future.

Increased demand for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, or at all, and increase potential scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays or both.

Uncertainty and Inherent Sample Variability

Although the Resulting Issuer believes that the estimated mineral resources at the Projects have been delineated with appropriately spaced drilling, there exists inherent variability between duplicate samples taken adjacent to each other and between sampling points that cannot be reasonably eliminated. There also may be unknown geologic details that have not been identified or correctly appreciated at the current level of delineation. This results in uncertainties that cannot be reasonably eliminated from the estimation process. Some of the resulting variances can have a positive effect and others can have a negative effect on mining and processing operations.

Governmental Regulation

The mineral exploration and development activities of the Resulting Issuer are subject to various laws governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters in local areas of operation. Although the Resulting Issuer's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Amendments to current laws and regulations governing the Resulting Issuer's operations, or more stringent implementation thereof, could have an adverse impact on the Resulting Issuer's business and financial condition.

Labour and Employment Matters

While the Resulting Issuer has good relations with its employees, exploration and development at its mining properties is dependent upon the efforts of the Resulting Issuer's employees. In addition, relations between the Resulting Issuer and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant Governmental Authorities in whose jurisdictions the Resulting Issuer carries on business. Changes in such legislation or in the relationship between the Resulting Issuer and its employees may have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Attracting and Retaining Talented Personnel

The Resulting Issuer's success will depend in large measure on the abilities, expertise, judgment, discretion, integrity and good faith of management and other personnel in conducting the business of the Resulting Issuer. The Resulting Issuer will initially have a small management team and the loss of any of these individuals or the inability to attract suitably qualified staff could materially adversely impact the business. The Resulting Issuer's ability to manage its operating, development, exploration and financing activities will depend in large part on the efforts of these individuals. The Resulting Issuer may also experience difficulties in certain jurisdictions in efforts to obtain suitably qualified staff and retaining staff who are willing to work in that jurisdiction. The Resulting Issuer's success will depend on the ability of management and employees to interpret market and geological data successfully and to interpret and respond to economic, market and other business conditions in order to locate and adopt appropriate investment opportunities, monitor such investments and ultimately, if required, successfully divest such investments. Further, key personnel may not continue their association or employment with the Resulting Issuer, which may not be able to find replacement personnel with comparable skills. The Resulting Issuer has sought to and will continue to ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If the Resulting Issuer is unable to attract and retain key personnel, business may be adversely affected. The Resulting Issuer faces intense competition for qualified personnel, and there can be no assurance that the Resulting Issuer will be able to attract and retain such personnel.

Possible Conflicts of Interest of Directors and Officers of the Resulting Issuer

Certain of the directors and officers of the Resulting Issuer will also serve as directors and/or officers of other Companies involved in mineral resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Resulting Issuer expects that any decision made by any of such directors and officers involving the Resulting Issuer will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Resulting Issuer and its shareholders, but there can be no assurance in this regard.

Permitting Risk

The Resulting Issuer's operations are subject to receiving and maintaining permits from appropriate Governmental Authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of permits for the existing operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development or operations on any of its properties, the Resulting Issuer must receive permits from appropriate Governmental Authorities. There can be no assurance that the Resulting Issuer will continue to hold all permits necessary to develop or continue operating at any particular property.

Community Relationships

The Resulting Issuer's relationships with the communities in which it operates are critical to ensure the future success of its existing operations and the construction and development of its projects.

NeoTerrex's Projects fall within Algonquin and Innu First Nations traditional territories. As the Projects progress, the Resulting Issuer will engage both the aboriginal and non-aboriginal stakeholders to inform and consult the First Nations and the public on the activities at the Projects, to address their concerns and to collect their comments. Agreements may have to be negotiated with the First Nations involved as the Projects progress.

While the Resulting Issuer is committed to operating in a socially responsible manner and working towards entering into agreements in satisfaction of such requirements, there is no guarantee that its efforts will be successful, in which case interventions by third parties could have a material adverse effect on the Resulting Issuer's business, financial position and results of operations.

Volatility of Market for Resulting Issuer Shares

The market price of the Resulting Issuer's Shares may be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond the Resulting Issuer's control, including: (i) dilution caused by issuance of additional Resulting Issuer Shares and other forms of equity securities, which the Resulting Issuer expects to make

in connection with future financings to fund operations and growth, to attract and retain qualified personnel and in connection with future strategic partnerships with other companies, (ii) announcements of new acquisitions, reserve discoveries or other business initiatives by competitors, (iii) fluctuations in revenue from operations as new reserves come to market, (iv) changes in the market for rare earth elements, lithium and/or in the capital markets generally, (v) changes in the demand for minerals and metals; and (vi) changes in the social, political and/or legal climate in the regions in which the Resulting Issuer operates. In addition, the market price of the Resulting Issuer Shares could be subject to wide fluctuations in response to: (a) quarterly variations in operating expenses, (b) changes in the valuation of similarly situated companies, both in the mining industry and in other industries, (c) changes in analysts' estimates affecting the Resulting Issuer, competitors and/or the industry, (d) changes in the accounting methods used in or otherwise affecting the industry, (e) additions and departures of key personnel, (f) fluctuations in interest rates, exchange rates and the availability of capital in the capital markets, and (g) significant sales of the Resulting Issuer Shares, including sales by future investors in future offerings which may be made to raise additional capital. These and other factors will be largely beyond the Resulting Issuer's control, and the impact of these risks, singularly or in the aggregate, may result in material adverse changes to the market price of the Resulting Issuer Shares and/or the Resulting Issuer's results of operations and financial condition.

Dilution Risk

In order to finance future operations and development efforts, the Resulting Issuer may raise funds through the issue of Resulting Issuer Shares or securities convertible into Resulting Issuer Shares. The constating documents of the Resulting Issuer will allow it to issue, among other things, an unlimited number of Resulting Issuer Shares for such consideration and on such terms and conditions as may be established by the directors of the Resulting Issuer, in many cases, without the approval of shareholders. The size of future issues of Resulting Issuer Shares or securities convertible into Resulting Issuer Shares or the effect, if any, that future issues and sales of the Resulting Issuer Shares will have on the price of the Resulting Issuer Shares cannot be predicted at this time. Any transaction involving the issue of previously authorized but unissued Resulting Issuer Shares or securities convertible into Resulting Issuer Shares would result in dilution, possibly substantial, to present and prospective shareholders of the Resulting Issuer.

Dividends

The Resulting Issuer does not intend to declare dividends for the foreseeable future, as the Resulting Issuer anticipates that any future earnings will be re-invested in the development and growth of the business. Therefore, investors will not receive any funds unless they sell their Resulting Issuer Shares, and shareholders may be unable to sell their shares on favorable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in Resulting Issuer Shares.

Early Stage Development

On Completion of the Qualifying Transaction, the Resulting Issuer will be in the business of mineral exploration, with the ultimate goal of producing, achieving commercial production. The Mount Discovery Project will not have commenced commercial production and the Resulting Issuer will have no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that the Resulting Issuer will be able to develop the Mount Discovery Project profitably or that its activities will generate positive cash flow. The Resulting Issuer will not have paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The Resulting Issuer will have limited cash and other assets. A prospective investor in the Resulting Issuer must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of the Resulting Issuer's management in all aspects of the development and implementation of the Resulting Issuer's business activities.

Ability to Exploit Future Developments

It may not always be possible for the Resulting Issuer to participate in the exploitation of successful discoveries. Such exploitation may involve the need to obtain licenses or clearance from the relevant authorities, which may not be available on a timely basis or may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied, and such conditions may prove uneconomic or not practical. Furthermore, the decision to proceed to further exploration may require the participation of other companies whose interest and objectives may not be consistent with those of the Resulting Issuer. Such further

exploitation may also require the Resulting Issuer to meet or commit to financial obligations which it may not have anticipated or may not be able to commit to due to a lack of funds or an inability to raise funds.

Deficient Third Parties' Reviews, Reports and Projections

The Resulting Issuer relies upon third parties to provide analysis, reviews, reports, advice and opinions regarding the Resulting Issuer's projects. There is a risk that such analysis, reviews, reports, advice, opinions and projects are inaccurate, in particular with respect to resource estimation, process development and recommendations for products to be produced as well as with respect to economic assessments including estimating the capital and operation costs of the Resulting Issuer's project and forecasting potential future revenue streams. Uncertainties are also inherent in such estimations.

Operating Hazards and Risks

Mineral resource exploration and development and the operation of mineral processing facilities involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These hazards include failure of equipment or processing facilities to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government or regulatory action or delays, unanticipated events related to health, safety and environmental matters, formation pressures, fires, power outages, labour disruptions, flooding, explosions, and the inability to obtain suitable or adequate machinery, equipment or labour.

Operations in which the Resulting Issuer may have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to or destruction of property, loss of life and environmental damage. Although the Resulting Issuer plans to maintain liability insurance in an amount it considers adequate, the nature of these risks is such that liabilities might exceed any insurance policy limits, the liabilities and hazards might not be insurable or the Resulting Issuer might not elect to insure itself against such liabilities due to high premium costs or other factors. Such liabilities may have a materially adverse effect upon the Resulting Issuer's financial condition.

Reliability of Mineral Resource Estimates

Mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Resulting Issuer's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data, the nature of the mineralized body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience.

Fluctuations in rare earth element prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties may require revision of mineral resource estimates. Should reductions in mineral resources occur, the Resulting Issuer may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources should not be interpreted as assurances of mine life or of the profitability of current or future operations. Any material reductions in estimates of mineral resources could have a material adverse effect on the Resulting Issuer's results of operations and financial condition.

Uncertainty Relating to Mineral Resources

Mineral resources are not mineral reserves and do not have demonstrated economic viability. Due to the uncertainty which may attach to mineral resources, there is no assurance that mineral resources will be upgraded to proven and probable mineral reserves as a result of continued exploration.

Property Commitments

The Resulting Issuer's mineral properties and/or interests may be subject to various land payments, royalties and/or work commitments. Failure by the Resulting Issuer to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of the Resulting Issuer's property interests.

Dependence on the Mount Discovery Project

Presently, the Mount Discovery Project will account for all of the Resulting Issuer's future revenue. Any adverse development affecting the progress of the Mount Discovery Project such as, but not limited to, obtaining development financing on commercially suitable terms, hiring suitable personnel and mining contractors, or securing supply agreements on commercially suitable terms, may have a material adverse effect on the Resulting Issuer's financial performance and results of operations.

Option and Joint Venture Agreements

The Resulting Issuer may enter into option agreements and/or joint ventures as a means of gaining property interests and raising funds. Any failure of any partner to meet its obligations to the Resulting Issuer or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a negative impact on the Resulting Issuer.

The Resulting Issuer may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a material adverse impact on the strategic value of the underlying properties.

Mineral Properties may be subject to Rights of Indigenous Peoples

Various international, national, state and provincial laws, codes, resolutions, conventions, guidelines, treaties and other principles and considerations relate to the rights of indigenous peoples. The Resulting Issuer will hold exploration interests in respect of operations located in some areas presently or previously inhabited or used by indigenous peoples. Many of these impose obligations on government to respect the rights of indigenous people. Some mandate consultation with indigenous people regarding actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national requirements, principles and considerations pertaining to indigenous people continue to evolve and be defined. The NeoTerrex Projects in respect of which the Resulting Issuer will hold an interest are subject to the risk that one or more groups of indigenous people may oppose operation or new development. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression against the operator's activities. Opposition by indigenous people to such activities may require modification of or preclude operation or development of projects or may require the entering into of agreements with indigenous people. Claims and protests of indigenous peoples may disrupt or delay activities of the operators of assets in respect of which the Resulting Issuer holds an exploration interest which may result in a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

Volatile Global Financial and Economic Conditions

Current global financial and economic conditions remain extremely volatile and unpredictable, which may impact the Resulting Issuer's ability to obtain financing in the future on favourable terms or obtain any financing at all. Additionally, negative global economic conditions may cause a long-term decrease in asset values. If such global volatility and market turmoil recur or continue, the Resulting Issuer's operations and financial condition could be adversely impacted.

Limited Market for Securities

There can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained, and an investor may find it difficult to resell any securities of the Resulting Issuer.

Disruption of Business

Conditions or events including, but not limited to, those listed below could disrupt the Resulting Issuer's operations and/or increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters including, but not limited to, hurricanes, tornadoes, floods, fires, extreme heat, and earthquakes; (ii) a local, regional, national or international outbreak of a contagious disease, including COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "*Public Health Crises*" below); (iii) political instability, social or labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

Public Health Crises

The Resulting Issuer's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises beyond its control, including the outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments likewise declared that the COVID-19 outbreak in their jurisdictions constituted an emergency. Reactions to the spread of COVID-19 led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in consumer activity. While the restrictions related to COVID-19 have been substantially reversed, there can be no guarantee that restrictions will not be re-instated in the future.

Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Resulting Issuer of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. It is possible that COVID-19 may have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Additional Costs may be incurred by Mineral Property Operators as a Result of International Climate Change Initiatives

The Resulting Issuer acknowledges climate change as an international and community concern. The Resulting Issuer supports and endorses various initiatives for voluntary actions consistent with international initiatives on climate change. In addition to voluntary actions, governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Where legislation already exists, regulation relating to emission levels and energy efficiency is becoming more stringent. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, the Resulting Issuer expects this may result in increased costs at the Mount Discovery Project, which could have a material impact on the viability of the Mount Discovery Project and impair the revenue derived from the interest, which could have a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

Disruption from Non-Governmental Organizations

As is the case with any businesses which operate in the mining industry, the Resulting Issuer may become subject to pressure and lobbying from non-governmental organizations. There is a risk that the demands and actions of non-governmental organizations may cause significant disruption to the Resulting Issuer's business which may have a material adverse effect on its operations and financial condition.

Health & Safety

Mining, like many other exploration or extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licences, affect the reputation of the Resulting Issuer and its ability to obtain further licences, damage community relations and reduce the perceived appeal of the Resulting Issuer as an employer.

There is no assurance that the Resulting Issuer has been or will at all times be in full compliance with all laws and regulations or hold, and be in full compliance with, all required health and safety permits. The potential costs and delays associated with compliance with such laws, regulations and permits could prevent the Resulting Issuer from proceeding with the development of a project or the operation or further development of a project, and any noncompliance therewith may adversely affect the Resulting Issuer's business, financial condition and results of operations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in exploration expenses, capital expenditures or production costs, reduction in the levels of production at producing properties, or abandonment or delays in development of new mining properties.

INFORMATION CONCERNING SPITFYRE

The following information is presented on a pre-Transaction basis and prior to giving effect to any of the Transaction. Please see the discussion under "*Information Concerning the Resulting Issuer*" for pro forma business, financial and share capital information relating to the Resulting Issuer.

Corporate Structure

Name and Incorporation

Spitfyre was incorporated pursuant to the provisions of the OBCA on June 24, 2021 under the name "Spitfyre Capital Inc."

The registered and head office of Spitfyre is located at 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5.

Intercorporate Relationships

Spitfyre has no subsidiaries other than Subco, which was incorporated under the CBCA for the sole purpose of effecting the Amalgamation. Subco is a wholly-owned subsidiary of Spitfyre.

General Development of the Business

Spitfyre was formed as a CPC and to date has not carried on any operations. The principal business of Spitfyre has been to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction and, having identified and evaluated such opportunities, to negotiate an acquisition or participation subject to acceptance by the Exchange. The Transaction will be Spitfyre's Qualifying Transaction.

Prior to completing its initial public offering and listing on the Exchange, Spitfyre issued an aggregate of 4,500,000 Spitfyre Shares at a price of \$0.10 per Spitfyre Share for gross proceeds of \$450,000.

On June 17, 2022, Spitfyre completed its initial public offering of 1,250,000 Spitfyre Shares at a price of \$0.20 per Spitfyre Share by way of an amended and restated prospectus dated May 13, 2022, filed in the provinces of British Columbia, Alberta and Ontario, for gross proceeds of \$250,000. After completing its initial public offering, the Spitfyre Shares began trading on the Exchange on June 22, 2022 under the trading symbol "FYRE.P" as a CPC.

On June 28, 2023, Spitfyre entered into the LOI with NeoTerrex and the Spitfyre Shares were halted on the Exchange pending further disclosure regarding the Transaction.

On September 29, 2023, Spitfyre mailed to its shareholders the Spitfyre management information circular in respect of the Spitfyre Shareholders' Meeting. At the Spitfyre Shareholders' Meeting, the holders of Spitfyre Shares approved, among other things, (i) the Name Change, (ii) the Continuance and (iii) the NeoTerrex Director Appointments.

On October 4, 2023, Spitfyre, Subco and NeoTerrex entered into the Amalgamation Agreement. The LOI was superseded by the Amalgamation Agreement dated October 4, 2023. Pursuant to the Amalgamation Agreement, NeoTerrex will amalgamate with Subco, a wholly-owned subsidiary of Spitfyre.

In connection with the Transaction, Spitfyre proposes to complete the Spitfyre Private Placement. See "*The Proposed Transaction – Spitfyre Private Placement*".

Selected Financial Information

The following table sets out certain selected financial information of Spitfyre in summary form for the year ended December 31, 2022 and the six month period ended June 30, 2023. This selected financial information has been

derived from the Spitfyre Financial Statements, which are attached to this Filing Statement as Appendix "A" and Appendix "C", and should be read in conjunction with those financial statements:

	Year Ended December 31, 2022 (audited)	Six Months Ended June 30, 2023 (unaudited)
Total expenses	\$(100,034)	\$(25,461)
Net income or (loss)	\$(100,034)	\$(25,461)
Total assets	\$526,834	\$486,870
Total liabilities	41,806	27,303
Amounts deferred in connection with the Transaction	Nil	Nil

Management's Discussion and Analysis

The MD&A for Spitfyre for the year ended December 31, 2022 and the interim period ended June 30, 2023 are attached hereto as Exhibit B and Exhibit D, respectively.

Description of Securities

Spitfyre is authorized to issue an unlimited number of Spitfyre Shares. As at the date hereof, there are 5,750,000 Spitfyre Shares are issued and outstanding, and a further 125,000 Spitfyre Shares are reserved for issuance under Spitfyre Agent Options.

Spitfyre Shares

The holders of Spitfyre Shares are entitled to:

- (i) receive notice of and to vote at every meeting of shareholders of Spitfyre and shall have one vote thereat for each such Spitfyre Share so held;
- (ii) receive such dividend as the directors may from time to time, by resolution, declare on the Spitfyre Shares; and
- (iii) in the event of liquidation, dissolution or winding up of Spitfyre or upon any distribution of the assets of Spitfyre (other than by way of dividend out of monies properly applicable to the payment of dividends) to share pro rata.

Stock Option Plan

Spitfyre has adopted an incentive stock option plan (the "**Spitfyre Option Plan**") in accordance with the policies of the Exchange which provides that the Board of Spitfyre may from time to time, in its discretion, grant to directors, officers, employees and consultants of Spitfyre non-transferable options to purchase Spitfyre Shares.

The material terms of the Spitfyre Option Plan are as follows:

- a) the total number of Spitfyre Shares reserved for issuance under the Spitfyre Option Plan at any point in time is 10% of the issued and outstanding Spitfyre Shares at the time the Spitfyre Shares are reserved for issuance as a result of the grant, less any Spitfyre Shares reserved for issuance under other share compensation agreements other than the Spitfyre Option Plan;
- b) options that are cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the Spitfyre Shares that were reserved for issuance thereunder being available for a subsequent grant of options pursuant to the Spitfyre Option Plan. As the Spitfyre Option Plan is a "rolling" plan, the issuance of additional Spitfyre Shares by the Corporation or the exercise of options will also give rise to additional availability under the Spitfyre Option Plan;

- c) options may only entitle the holder to acquire Spitfyre Shares;
- d) the maximum aggregate number of Spitfyre Shares which may be reserved for issuance to any individual director or senior officer pursuant to the Spitfyre Option Plan shall not exceed 5% of the Spitfyre Shares issued and outstanding as at the time of grant;
- e) without the prior approval of the disinterested shareholders, the Board may not: (i) grant options to a single individual which would allow for such individual to purchase a number of Spitfyre Shares equaling more than 5% of the issued Spitfyre Shares of the Corporation in any twelve (12) month period; and (ii) reduce the exercise price of any outstanding options held by insiders of the Corporation (as defined in the Exchange policies). Subject to the policies, rules and regulations of any lawful authority having jurisdiction (including the Exchange), the Board may amend the Spitfyre Option Plan and options granted thereunder at any time;
- f) the maximum number of Spitfyre Shares reserved for issuance, within a one (1) year period, pursuant to the Spitfyre Option Plan, to any one (1) consultant of the Corporation (or its subsidiaries), shall not exceed 2% of the number of issued and outstanding Spitfyre Shares, calculated as at the date of grant, without the prior consent of the Exchange;
- g) the maximum number of Spitfyre Shares reserved for issuance pursuant to the Spitfyre Option Plan, within a one (1) year period, to persons providing investor relations activities, in aggregate shall not exceed 2% of the number of issued and outstanding Spitfyre Shares, calculated as at the date of grant, without the prior consent of the Exchange;
- h) options granted to consultants performing investor relations activities will vest over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and further 25% on each successive date that is three months from the date of the previous vesting, or such longer vesting period as the Board may determine;
- i) the exercise price of an option is determined by the Board and may be amended only if at least six (6) months have elapsed since the later of the date of the commencement of the term of the option, the date the Spitfyre Shares commenced trading on the Exchange or the date of the last amendment of the exercise price. However, in no event shall such exercise price be lower than the fair market price of a Spitfyre Share at the date thereof;
- j) All options granted will be evidenced by a stock option agreement;
- k) an option shall be exercisable for a maximum term of ten (10) years and shall vest as determined by the Board; and
- l) if an individual ceases to be a director or officer of the Corporation or its subsidiaries, such individual shall be entitled to exercise an option, to the extent it was entitled to exercise at the date of such cessation, within ninety (90) days of the cessation or within thirty (30) days of the cessation if the individual is an employee or consultant. If such individual was dismissed for cause, such options will immediately terminate without any exercise right. Notwithstanding, in the event of the death of the individual, the option previously granted shall be exercisable by the individual's legal representative until the earlier of one (1) year after such death and the date of expiration of the term of such option.

Notwithstanding the terms of the Spitfyre Option Plan described above, the Exchange Policy 2.4 imposes certain restrictions on incentive stock options during the period that Spitfyre remains a CPC. Such restrictions shall remain in place until the Exchange issues the Final QT Exchange Bulletin (such bulletin indicating that the Resulting Issuer will not be considered a CPC).

As of the date of this Filing Statement, Spitfyre has not granted any Spitfyre Options.

The foregoing summary of the Spitfyre Option Plan does not purport to be complete and is qualified in its entirety by reference to the Spitfyre Option Plan. The description of the material terms of the Spitfyre Option Plan is intended only to provide a summary of the material terms of the Spitfyre Option Plan. In the event of an inconsistency between the description of the material terms of the Spitfyre Option Plan and the text of the Spitfyre Option Plan, the text of the Spitfyre Option Plan will prevail.

Spitfyre has no other incentive plans other than the Spitfyre Option Plan. The full text of the Spitfyre Option Plan is attached as Schedule "B" to Spitfyre's information circular dated September 22, 2023 for Spitfyre's annual general and special meeting of shareholders held on October 23, 2023 available on SEDAR+ under Spitfyre's profile.

Prior Sales

Spitfyre has issued the following securities since the date of incorporation (June 24, 2021) to the date of this Filing Statement:

Date Issued	Type of Security Issued	Number of Securities	Issue Price Per Security	Aggregate Issue Price	Nature of Consideration
June 24, 2021 ⁽¹⁾	Spitfyre Shares	4,200,000	\$0.10	\$420,000	Cash
November 8, 2021 ⁽¹⁾	Spitfyre Shares	300,000	\$0.10	\$30,000	Cash
June 17, 2022 ⁽²⁾⁽⁴⁾	Spitfyre Shares	1,250,000	\$0.20	\$250,000	Cash
June 17, 2022 ⁽²⁾⁽³⁾	Spitfyre Agent Options	125,000	N/A	N/A	Warrants

Notes:

- The following number of Spitfyre Shares were issued to Non-Arm's Length Parties to Spitfyre: 800,000 to Matthew McMillan; 200,000 to Simon Sokol; 800,000 to Ralph Garcea; 800,000 to Ben Sokol; 300,000 to Gordon McMillan; 800,000 to Bülent Pakdil; and 800,000 to Pat DiCapo.
- Issued in connection with the Offering.
- In connection with the Offering, Spitfyre issued the Spitfyre Agent Options, valued at \$15,800 estimated using the Black-Scholes pricing model with the following assumptions: share price of \$0.20, estimated life of three years, risk-free interest rate of 3.24%, volatility of 100%, and nil forecasted dividend yield as set out in the Unaudited Condensed Interim Financial Statements of Spitfyre Capital Inc. for the Three and Six Months Ended June 30, 2023 at Schedule "C".
- 281,000 Spitfyre Shares issued to a Non-Arm's Length Party to Spitfyre.

Stock Exchange Price

The Spitfyre Shares have been posted for trading on the Exchange since June 22, 2022 under the trading symbol "FYRE.P". The following table sets out trading information for the Spitfyre Shares for the periods indicated as reported by the Exchange.

Period	High	Low	Trading Volume
November 1 to November 13, 2023 ⁽¹⁾	Nil	Nil	Nil
October 2023 ⁽¹⁾	Nil	Nil	Nil
September 2023 ⁽¹⁾	Nil	Nil	Nil
October 2023 ⁽¹⁾	Nil	Nil	Nil
June 2023 ⁽¹⁾	Nil	Nil	Nil
May 2023 ⁽²⁾	Nil	Nil	Nil
April 2023	0.27	0.27	22,500
March 2023 ⁽³⁾	Nil	Nil	Nil
February 2023 ⁽⁴⁾	Nil	Nil	Nil
January 2023 ⁽⁵⁾	Nil	Nil	Nil
December 2022 ⁽⁶⁾	Nil	Nil	Nil
November 2022	0.27	0.27	20,000

Notes:

- Trading in the Spitfyre Shares was halted on June 28, 2023 pending the announcement of the Transaction
- No Spitfyre Shares were traded on the Exchange during the month of May 2023.

3. No Spitfyre Shares were traded on the Exchange during the month of March 2023.
4. No Spitfyre Shares were traded on the Exchange during the month of February 2023.
5. No Spitfyre Shares were traded on the Exchange during the month of January 2023.
6. No Spitfyre Shares were traded on the Exchange during the month of December 2022.

Arm's Length Transactions

It is the collective view of Spitfyre and NeoTerrex that the proposed Transaction does not constitute a Non-Arm's Length Qualifying Transaction.

Legal Proceedings

There are no legal proceedings material to Spitfyre to which Spitfyre is, or has been, a party or of which any of its property is, or has been, the subject matter. Additionally, to the knowledge of Spitfyre, there are no such proceedings contemplated.

Auditor, Transfer Agent and Registrar

Auditor

The auditors of Spitfyre are MNP LLP, located at 1 Adelaide St E, Suite 1900, Toronto, Ontario, M5C 2V9.

Transfer Agent and Registrar

Spitfyre's transfer agent and registrar is Odyssey Trust Company, located at Trader's Bank Building, Suite 702, 67 Yonge St., Toronto, Ontario M5E 1J8.

Material Contracts

Spitfyre has not entered into any material contracts, other than contracts entered into in the ordinary course of business, except:

- (a) the Amalgamation Agreement;
- (b) the CPC Escrow Agreement;
- (c) the agency agreement dated December 23, 2021 between Spitfyre and Hampton Securities Limited; and
- (d) a registrar and transfer agency agreement dated as of December 23, 2021 between Spitfyre and Odyssey Trust Company.

Copies of the foregoing contracts will be available for inspection at the offices of Spitfyre's counsel, Gowling WLG (Canada) LLP, at Suite 1600, 100 King St. W, Toronto, ON M5X 1G5, Attention: Peter Doelman, at any time during ordinary business hours until the completion of the Transaction and for a period of 30 days thereafter.

INFORMATION CONCERNING NEOTERREX

The following information has been provided by NeoTerrex and is presented on a pre-Transaction basis. Please see the discussion under "*Information Concerning the Resulting Issuer*" for pro forma business, financial and share capital information relating to the Resulting Issuer following the Transaction.

Corporate Structure

Name and Incorporation

NeoTerrex was incorporated pursuant to the provisions of the CBCA on July 7, 2021 under the name "Neo TerraX Corporation". On August 20, 2021, NeoTerrex amended its articles to change its name to "NeoTerrex Corporation", to create new classes of shares and change the rights and designation of the existing classes of shares to the new classes of shares, to add restrictions on share transfers, and to permit the directors of NeoTerrex to appoint directors between

annual meetings of shareholders of NeoTerrex. On December 2, 2021, NeoTerrex amended its articles to remove the restrictions on share transfers.

The head and registered office of NeoTerrex is located at 5390 West River Drive, Ottawa, Ontario, K4M 1G4.

Intercorporate Relationships

NeoTerrex does not have any subsidiaries.

General Development of the Business

NeoTerrex is a private company engaged in advancing its prospective rare earths and lithium projects located in the province of Quebec, with most of its activities focused on the Mount Discovery Project.

On October 26, 2021, NeoTerrex entered into the project acquisition agreement (the "**Mount Discovery Project Agreement**") with Glenn Griesbach and Mathieu Stephens, the President, Chief Executive Officer and a director of NeoTerrex, (the "**MDP Vendors**") to acquire the MDP Vendors' interest in 64 claims comprising the Mount Discovery Project at such time (the "**MDP Acquisition**"). The Mount Discovery Project Agreement provided the MDP Vendors with a 2.5% net smelter royalty with respect to the claims acquired thereunder, 20% of which net smelter royalty has been assigned to HTS Holdings Inc., an insider of NeoTerrex, pursuant to the net smelter royalty assignment agreement made as of July 27, 2022 between Mathieu Stephens, Glenn Griesbach and HTS Holdings Inc. NeoTerrex increased the area of interest of the Mount Discovery Project through map staking the following year. During the fourth quarter of 2021, NeoTerrex conducted limited sampling to locate and confirm historical results followed by an airborne radiometric and magnetic survey over the southwest block. In 2022, NeoTerrex carried out follow-up exploration works consisting of prospecting, reconnaissance mapping, stripping and trenching on the southwest block. A magnetic and spectrometric survey was also conducted on the northeast block. In May 2023, NeoTerrex launched a prospecting and reconnaissance mapping program which was followed with trenching and stripping over the most prospective areas of the Mount Discovery Project. As of the date of the Filing Statement, a total of 22 rare earth elements occurrences (>1% total rare earth oxide) have been located on the Mount Discovery Project and eight different sites have been excavated. Channel sampling results from King showing returned 27.2 metres of 3.5% total rare earth oxide. Exploration is ongoing for the fourth quarter of 2023.

In 2022, NeoTerrex acquired the Decelles, Lac Riel and Lindsay Projects through map staking. In January 2023, NeoTerrex acquired the Beauchene project through map staking. Limited surface work is expected to be undertaken on these projects over the next twelve months.

On June 2, 2023, NeoTerrex entered into a project acquisition agreement (the "**Roman Project Agreement**") to acquire 25 mineral claims located in the Province of Quebec, which comprised the Roman Project at that time, in exchange for a cash payment of \$10,000, 300,000 NeoTerrex Shares (valued at \$68,000, being the fair value) and a 2.0% net smelter royalty to be retained by the vendor. NeoTerrex has a right to purchase one-half (1%) of the royalty for \$500,000. The vendor was Mathieu Stephens (the "**Roman Vendor**"), the President, Chief Executive Officer and a director of NeoTerrex. NeoTerrex subsequently increased the area of interest of this project through map staking. Limited surface work is expected to be undertaken on this project over the next twelve months.

On June 28, 2023, NeoTerrex entered into the LOI with Spitfyre. The LOI was superseded by the Amalgamation Agreement dated October 4, 2023. Pursuant to the Amalgamation Agreement, NeoTerrex will amalgamate with Subco, a wholly-owned subsidiary of Spitfyre. In connection with the Transaction, NeoTerrex proposes to complete the NeoTerrex Private Placement. See "*The Proposed Transaction – NeoTerrex Private Placement*".

Narrative Description of the Business

NeoTerrex is engaged in the evaluation, acquisition and exploration of mineral properties for rare earth elements and lithium with its activities focused in prospective areas in Canada. NeoTerrex plans to ultimately develop the properties, bring them into production, option or lease the properties to third parties, or sell the properties outright. NeoTerrex has not determined whether these properties contain mineral reserves that are economically recoverable and NeoTerrex is considered to be in the exploration stage. NeoTerrex will periodically have to raise additional funds to

continue operations, and while it has been successful in doing so since its inception, there can be no assurance it will be able to do so in the future.

NeoTerrex is organized into business units based on mineral properties and has one business segment, being the acquisition, exploration and evaluation of mineral properties.

Competitive Conditions

The mining industry is intensely competitive in all of its phases, and NeoTerrex will compete with other exploration companies which may have greater financial resources and technical facilities. Competition is also high for the recruitment of qualified personnel and equipment. NeoTerrex is strategically located in a mining-friendly region of Quebec, Canada and the Mount Discovery Project is located near infrastructure consisting of both paved and gravel roads and powerlines. The area benefits from a local workforce, hydroelectric dam, and various industries.

Employees

As of the date hereof, NeoTerrex has one full time employee and two consultants. The operations of NeoTerrex are managed by its directors and officers. NeoTerrex engages reputable consulting firms from time to time for technical and environmental services as required to assist in evaluating its interests and recommending and conducting work programs. Each director and officer of the Resulting Issuer will commit the necessary time and focus to diligently execute their responsibilities as officers and directors, while also upholding their fiduciary obligations in a alignment with the provisions outlined in the CBCA, adapting to the dynamic requirements of the Resulting Issuer's operations as it continues to evolve.

Specialized Skills and Knowledge

NeoTerrex expects that it will hire, retain, and utilize specialized skills and knowledge in its initial stages as required. In the exploration stage, geoscientists are engaged to analyze technical data and other information to identify potential areas to explore for minerals. Once targets are identified and captured, third party firms are engaged to provide the equipment and expertise required to safely explore for minerals. All of the necessary skills and knowledge mentioned are readily available within the mining sector. In addition, health safety and environment, governance, strategy, finance, marketing, and risk management expertise is required throughout all of these stages. The management team and NeoTerrex Board members have extensive experience in all areas as well as established relationships to engage third parties where needed. See "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters*".

Government Regulation

NeoTerrex's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances related to mining industry operations, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving, which means stricter standards and enforcement, and fines and penalties for non-compliance are becoming more stringent. Environmental assessment of proposed projects carries a heightened degree of responsibility for companies and directors, officers and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect NeoTerrex's operations, including its capital expenditures and competitive position.

Social and Environmental Policies

NeoTerrex adopted a Social Responsibility and Health, Safety and Environmental Policy. This policy constitutes the NeoTerrex's commitment to best practices, social responsibilities, the health and safety of its employees and respect for the environment where it works and outlines its guiding principles in this regard. NeoTerrex is committed to promoting respect for these responsibilities by continually improving its knowledge, its understanding of challenges and its actions.

Material Mineral Project - Mount Discovery Project

The following disclosure regarding NeoTerrex's material mineral project, the Mount Discovery Project, is derived from the NI 43-101 compliant technical report entitled "NI 43-101 Technical Evaluation Report of the Mount Discovery Property" dated September 15, 2023 prepared by Alain-Jean Beaugard, P. Geo. and Daniel Gaudreault, P. Eng., each of which is an independent "Qualified Person" (as defined in NI 43-101). Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Mount Discovery Project which is available for review on SEDAR+ at www.sedarplus.ca. The Mount Discovery Project is not and shall not be deemed to be incorporated by reference in this Filing Statement.

Daniel Gaudreault is a qualified person for the purposes of NI 43-101, and has reviewed and approved the scientific and technical disclosure contained in this Filing Statement.

NeoTerrex prepared the Technical Evaluation Report of the Mount Discovery Property as the Mount Discovery Project is, and is expected to continue to be, NeoTerrex's principal exploration focus.

Project Description, Location, and Access

The Mount Discovery Project is located east of the village of Fort-Coulonge inside Litchfield, Mansfield, Leslie, Huddersfield and Pontefract Townships in the Outaouais Administrative Region, Province of Québec, Canada. The Mount Discovery Project is accessible using Highways 148 and 301, and gravel roads. All-terrain vehicle trails provide access to most parts of the Mount Discovery Project.

This project is composed of six (6) claim blocks consisting of one hundred eighty-nine (189) mining titles covering a total area of 11,187.1 hectares 100% owned by NeoTerrex. Sixty-four (64) mining claims are subject to a 2.5% net smelter royalty. NeoTerrex has the right to purchase back one-half (1.25%) of such royalty for \$1,000,000. Under the Québec Mining law, a claim is the only exploration title that can be granted by the government for the exploration of mineral substances on lands in the public domain. A claim is a mineral right that allows its holder a two-year exclusive right to explore a designated territory for any mineral substances that are part of the public domain. The claim holder may renew their title for a two-year period except for the first period where the claim is valid for three years. To do so they must (i) submit an application for renewal and assessment work report at least 1 day prior to the claim expiry date; and (ii) pay the required fees, which vary according to the surface area of the claim and its location.

External risks are, to a certain extent, beyond the control of the property proponents and are much more difficult to anticipate and mitigate, although, in many instances, some risk reduction can be achieved. External risks are things such as the political situation in the property's region, metal prices, exchange rates and government legislation. These external risks are generally applicable to all mining projects.

In terms of permitting, an intervention permit is required for the holder of mining rights to carry out the forest management activities necessary for them to exercise their rights.

The holder of a mining right who wishes to carry out trenches, other excavations, drilling work or who must cut wood in a public forest is required to obtain authorization for the cutting of wood for the purposes of carrying out certain mining activities in accordance with the Quebec Mining Act.

There are no known environmental concerns or land claim issues pending with respect to the Mount Discovery Project. It is understood and agreed that NeoTerrex shall ensure that all exploration programs on the Mount Discovery Project are conducted in an environmentally sound manner.

History

The Mount Discovery Project and surrounding area has been the focus of sporadic exploration work since the mid-1930s. The first work, which was undertaken by the Government of Quebec, focused more on the geological and structural reconnaissance of the greater Pontiac region.

As early as the 1950s, a few occurrences of iron and titanium containing magnetite were identified in the area. At the same time, on the site of the actual Mount Discovery Project, significant values of up to 0.81% U308 (uranium) were

reported. In the late 1950s, a 243-foot (74.06 m) diamond drill hole revealed the presence of quartz-feldspar pegmatite and quartz-biotite gneiss locally containing chalcopyrite and/or chloritic material. However, no analytical results were published at the time. In the late 1960s, a regional aerial survey was conducted in the Fort-Coulonge area, covering notably the Township of Litchfield and part of the current Mount Discovery Project. The survey interpretation seemed to identify injection gneisses and Grenville gneisses including pink graphitic rocks which constitute the underlying geological formation. An occurrence of crystalline limestone was found in the western part of the survey and a number of diabase dykes was also identified in an approximately east-west direction. At the same time, a stream sediment sampling program was carried out in the Litchfield area and delineated several distinctly anomalous radioactive areas. Followed by soil sampling, airborne radiometric surveying and detailed geological mapping, radioactivity was recorded over an extensive area but uranium was found to occur sporadically or in small 'pods' and the grade was too low to be of economic significance.

From the 1970s to the late 1990s, some regional studies, such as reconnaissance mapping and Landsat image observations, carried out by the Quebec and Canadian governments permit to re-interpret and update the geological and structural characteristics of the greater Grenville province and thus re-evaluate the mineral potential to better identify favorable zones for exploration and the discovery of industrial minerals and critical and strategic minerals. In the mid-1990s, a prospecting and sampling program was undertaken in the vicinity of the Mount Discovery Project to assess the potential for industrial minerals targeting rutile (considering the market value at the time), but no economic value was obtained.

In the mid-2000s, prospecting work was also undertaken on the current site of the Mount Discovery Project in Litchfield Township. The substances that were sought were gold, silver, copper, zinc, nickel, platinum and palladium. Old trenches and pit rocks, previously owned and maintained by prospector Mr. Glabb, were sampled for multi-elements but no significant results were obtained. However, trace element of sulphides was identified and a sample revealed traces of gold and copper.

Later, in 2007, hand stripping outcrop was carried out near the old trenches, a scintillometer survey was also performed and few samples were collected and assayed for gold, platinum and palladium but no significant values were revealed.

Recently, in 2012, Entreprises Minières du Nouveau-Monde and Tucson Acquisition Corporation, carried out on the Ceres property (which is adjacent to the north to the Mount Discovery Project) prospecting and reconnaissance mapping on historically known showings containing molybdenum, REE, uranium, fluorite, apatite and/or massive sulphide mineralization. The program permitted to highlight graphite mineralization hosted in paragneiss. Grab samples collected from the "Philippe Showing", returned values of 1.24% and 3.09% organic carbon (or "graphite"). In addition, scintillometer and gamma-ray spectrometer prospecting on the property led to the collection of selected grab samples which includes an assay value of 1.82% rare earth elements. Sulphide zones were also identified but samples collected returned no significant precious or base metal results.

Geological Setting, Mineralization, and Deposit Types

The Mount Discovery Project is located in the south-central part of the Grenville Province which is composed of multiple terranes or large crustal blocks. These terranes, or fault bounded crustal blocks, are exposed over a 300- to 500-kilometre-wide belt which extends from southwest Ontario to Labrador and is further divided into the Autochthonous, Parautochthonous and Allochthonous Tectonic Belts.

The Mount Discovery Project hosts the Trench T-1 occurrence (2031 ppm V and 8664 ppm Ti) which was "re-evaluated" by prospecting and trenching in 2005. This work was followed up by additional prospecting which led to a nearby rare earth elements discovery (Trenches T-5 & T-6) mainly consisting of Neodymium (Nd), Praseodymium (Pr) as well as other elements (Ce, La, Dy). To date, 22 unique mineralized occurrences (greater than 1% total rare earth oxides) have been located. In addition to the occurrences found in bedrock, several mineralized boulders have also been located.

Exploration

In the fall of 2021, NeoTerrex began exploration for the Mount Discovery Project with an airborne radiometric and magnetic survey over the southwest block. This was followed in the summer of 2022 by a surface prospecting program designed to identify other mineralized occurrences within a radius of roughly 3 kilometers of the King showing. These

exploration efforts permitted a better knowledge of the old showings (Trenches 1 and 5-6 now named King showing) and fifteen (15) new showings (Bishop, Blitz, Pawn, Sicilian, Gambit, Rook, Decoy, Knight, Grandmaster, Fork, Castle, Pirc, Target I, Target J and Target K) along the NNW-SSE structural trend previously recognized by the spectrometric survey on the western and eastern blocks.

The surface prospecting was followed-up in the fall of 2022 with mechanical trenching over four of the most prospective areas. Channel sampling was conducted on the King showing.

A limited exploration program was conducted on the northeast block which included surface prospecting and an airborne radiometric and magnetic survey. No follow-up work has been undertaken thereafter.

For 2023, exploration work focused on expanding prospecting, geological mapping and sampling in areas located within a radius of roughly 500m from the King showing. Visual observations and assay results received from the first phase of the 2023 program outlined several new outcrops of interest.

In June 2023, four of these outcrops were excavated in order to determine their mineralization potential. Of these, the most promising was the Sicilian showing which, according to visual observations, may extend to over 20 meters in length and at least 5-8 meters in widths. This area is located approximately 20 meters from the original Sicilian occurrence which was deemed too close to a nearby body of water to safely excavate. The other outcrops that were excavated showed mineralization that was limited in size, these were the three outcrops located in the vicinity of the new "En Passant" showing (9.97% total rare earths oxides).

Excavation of the King showing was also expanded due to the mineralization extending under the overburden in several areas. This work allowed for several key observations:

1. What was previously assumed to be the length of the mineralized body (+27 meters) is in fact a long its width and consists of several layers or bodies on mineralization.
2. A fault crosses the entire excavated outcrop in an east-west direction, parallel to the stream located some 60 meters further downhill and contains mineralization in several areas.
3. Mineralization is lost under overburden in several areas of the excavation site, mostly near its southern extent. A nearby outcrop 10 meters to the west of the King showing also contains mineralization based on a chip sample having assayed 3.69% total rare earths oxides.

The new Queen occurrence (11.32% total rare earths oxides) located along a steep ridge overlooking the aforementioned stream could not be excavated due to terrain constraints. Its dimensions and direction remain unknown, but it is postulated that it could be associated with another fault, located under the stream, and running parallel to the one at the King showing.

Two new occurrences (Blunder Hill and Catalan) were located near the crest of large hills but these seemed to be limited in size. Future exploration work will focus on areas surrounding these occurrences where overburden is present.

Further north, a new discovery called the Italian showing was located approximately 80 meters west of the Knight occurrence. This grab sample returned 10.27% total rare earths oxides and it remains undetermined if it is connected to Knight, but is along the same valley, which may be a fault zone.

In the northern portion of the area of interest, a new discovery was made located approximately 1 kilometer north of the King showing. This new occurrence named Ruy Lopez returned 3.11% total rare earths oxides. Additional exploration for the fall of 2023 is planned for this area.

South and southeast of the King showing, three groupings of mineralized boulders were located. Values for one of these boulders assayed over 15% total rare earths oxides, making one of these boulders the highest total rare earths oxides grade assayed to date. The source of these boulders remains undetermined and future work will focus on identifying the potential source(s) of these boulders.

Drilling

NeoTerrex has not undertaken any drilling activities on the Mount Discovery Project.

Sampling, Analysis, and Data Verification

NeoTerrex has implemented a systematic and rigorous quality assurance/quality control (QA/QC) program for its surface channel and grab sampling to ensure best practices in handling and sampling of bedrock surface samples.

QA/QC samples are inserted into sample series in order to test the reliability of the laboratory where the samples are processed. The QA/QC samples are referred to as "Standard" and "Blank" material, where the chemical composition of the sample is known. Up to three different standard samples with different rare earths compositions, one type of blank sample and sample duplicates were used to determine the reliability of the assays results provided by the laboratory.

A certified standard, blank or duplicate sample is inserted into the sample stream every 10th sample, though the geologist may insert more if need be.

The samples are cut, bagged and tagged, securely sealed and stored, and submitted to a laboratory for assay. A rigorous chain of custody is established between NeoTerrex, the commercial trucking company and the laboratory.

Surface grab sample(s) are visually selected in order to best represent the outcrop or boulder of interest. The selected sample is then photographed before being bagged. The sample site is described, marked with bright flagging tape and the coordinates with a recorded GPS.

Channel samples are typically 0.75 meters or 1 meter in length and 5 cm in width. QA/QC samples are inserted into the surface sample stream to the same rate as grab samples.

All reject and pulp materials from the samples are returned from the laboratory to NeoTerrex and stored securely onsite; this material is saved in the event that the sample needs to be re-assayed at a later date.

Access to the Mount Discovery Project is restricted by two gates that are locked at all times. The bagged samples taken are stored in containers on a daily basis that are then brought to a locked garage until the quantity of samples warrants it to be sent to the laboratory for assaying.

NeoTerrex has retained the services of ALS Canada Ltd. (Sudbury, Vancouver, Val d'Or), a certified laboratory. Rare earth elements assays are obtained using X-ray fluorescence (ME-XRF30) which provides rare earth element oxides assay values. All laboratories insert their own certified standards along with carrying out duplicate assays as part of their QA/QC protocol. These results are part of the certificate of analysis returned to NeoTerrex.

On receipt of final certificates of analysis, the QA/QC sample results are reviewed to ensure the order of samples are reported correctly, that the blanks run clean, and that the results for each standard have minimal variance from its certified value. If a variance greater than two standard deviations does occur, then that specific batch of samples containing the erroneous standard are re-assayed to ensure accuracy of analysis.

The Mount Discovery Project is at the exploration stage. No metallurgical, mineral, resource and reserve estimates, or mining operations have occurred on the Mount Discovery Project.

Significant Acquisitions

NeoTerrex has not completed any significant acquisitions or dispositions during the most recently completed financial year for which disclosure is required in this Filing Statement pursuant to the policies of the Exchange.

Selected Financial Information

A summary of selected financial information of NeoTerrex for the unaudited interim period ended June 30, 2023, and for the years ended December 31, 2022 and 2021, is set out below and should be read in conjunction with the

NeoTerrex Audited Financial Statements and the NeoTerrex Interim Financial Statements attached hereto as Appendix "E" and "G", respectively:

	Six-month period ended June 30, 2023	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Total expenses	\$506,703	\$1,248,568	\$218,773
Net loss and comprehensive loss	(\$435,391)	(\$1,028,484)	(\$218,178)
Total assets	\$3,472,305	\$3,768,749	\$5,009,022
Total liabilities	\$135,068	\$64,121	\$275,910
Total equity	\$3,337,237	\$3,704,628	\$4,733,112

Attached to this Filing Statement at Appendix "I" are audited carve-out financial statements in respect of the staking business acquired by NeoTerrex from the MDP Vendors pursuant to the Mount Discovery Project Agreement. The carve-out financial statements are in respect of the period from January 1, 2021 to October 26, 2021.

Attached to this Filing Statement at Appendix "J" are audited carve-out financial statements in respect of the staking business acquired by NeoTerrex from the Roman Vendor pursuant to the Roman Project Agreement. The carve-out financial statements are in respect of the twelve months ended June 2, 2023 and June 2, 2022.

Management's Discussion and Analysis

The MD&A for NeoTerrex for the financial year ended December 31, 2022 and 2021 is attached to this Filing Statement as Appendix "F". The MD&A for NeoTerrex is a review of how NeoTerrex performed during the period covered by the NeoTerrex Audited Financial Statements and of NeoTerrex's financial condition and future prospects. The MD&A complements and supplements the NeoTerrex Audited Financial Statements and should be read in conjunction with the NeoTerrex Audited Financial Statements and the related notes for the financial years ended December 31, 2022 and 2021.

The MD&A for NeoTerrex as at and for the three and six months ended June 30, 2023 and June 30, 2022 is attached to this Filing Statement as Appendix "H". The MD&A for NeoTerrex is a review of how NeoTerrex performed during the period covered by the NeoTerrex Interim Financial Statements and of NeoTerrex's financial condition and future prospects. The MD&A complements and supplements the NeoTerrex Interim Financial Statements and should be read in conjunction with the NeoTerrex Interim Financial Statements and the related notes as at and for the three and six months ended June 30, 2023 and June 30, 2022.

Description of Securities

NeoTerrex is authorized to issue an unlimited number of NeoTerrex Shares and an unlimited number of preferred shares, issuable in series.

NeoTerrex Shares

The holders of NeoTerrex Shares are entitled to receive notice of and attend all meetings of the shareholders of NeoTerrex and are entitled to one vote in respect of each NeoTerrex Share held at such meetings. In the event of liquidation, dissolution or winding-up of NeoTerrex, the holders of NeoTerrex Shares are entitled to share ratably the remaining property or assets of NeoTerrex.

Preferred shares

NeoTerrex is authorized to issue an unlimited number of preferred shares, none of which are issued and outstanding as of the date hereof. The preferred shares may be issued from time to time in one or more series, each series consisting of the number of shares and having the designation, rights, privileges, restrictions and conditions which the board of directors of NeoTerrex determines in accordance with the articles of NeoTerrex prior to the issue thereof.

Consolidated Capitalization

The following table outlines the capitalization of NeoTerrex as at December 31, 2022 and as at the date of the Filing Statement. The table should be read in conjunction with the NeoTerrex Financial Statements and with a reference to the material changes as further described beneath the table.

Designation of Security	Amount Authorized	Outstanding as of December 31, 2022 (audited)	Outstanding as of date of Filing Statement prior to giving effect to the Transaction (unaudited)
NeoTerrex Shares	Unlimited	59,444,000 \$4,780,221	59,744,000 ⁽¹⁾ \$4,848,221
Preferred shares	Unlimited	Nil	Nil
NeoTerrex Broker Warrants	-	3,296,300	3,296,300

Notes:

- On June 2, 2023, NeoTerrex issued 300,000 NeoTerrex Shares in connection with the acquisition of certain mineral claims forming part of the Roman Project.

As of the date of this Filing Statement, NeoTerrex has 3,296,300 NeoTerrex Existing Broker Warrants to acquire NeoTerrex Shares, of which 2,928,300 have an exercise price of \$0.10 per NeoTerrex Share and 368,000 have an exercise price of \$0.125 per NeoTerrex Share. The NeoTerrex Existing Broker Warrants expire on December 22, 2023.

Prior Sales

Excluding the sale of the NeoTerrex Subscription Receipts pursuant to the NeoTerrex Private Placement, during the 12-month period before the date of this Filing Statement, NeoTerrex has issued the following NeoTerrex Shares:

Date of Issue	Price per NeoTerrex Share	Number of NeoTerrex Shares
June 2, 2023	\$0.22	300,000 ⁽¹⁾

Note:

- Issued to Mathieu Stephens in connection with the acquisition of certain mineral claims forming part of the Roman Project.

Stock Exchange Price

The NeoTerrex Shares are not listed for trading on any stock exchange or market.

Executive Compensation

For the financial year ended December 31, 2022, the Named Executive Officers of NeoTerrex were the following:

- Mathieu Stephens, President, Chief Executive Officer and Director; and
- Vatché Tchakmakian, Vice-President and Secretary.

Compensation Discussion and Analysis

Compensation Governance

The NeoTerrex Board is responsible for determining the compensation for the Named Executive Officers. The NeoTerrex Board ensures that total compensation paid to the Named Executive Officers is fair, reasonable and consistent with NeoTerrex's compensation philosophy.

Philosophy and Objectives

NeoTerrex's compensation philosophy and objective is to provide competitive compensation to attract, retain and motivate qualified and experienced executives in order for NeoTerrex to achieve its strategic plan and budgets and to act in the interests of NeoTerrex by being financially responsible. Achievement of these objectives is expected to contribute to an increase in shareholder value of NeoTerrex.

Peer Group

No peer group has been used to determine compensation as of the date of this Filing Statement.

Elements of Executive Compensation

The President and Chief Executive Officer of NeoTerrex, Mathieu Stephens, receives fixed compensation comprised of a base salary. The Vice President and Secretary of NeoTerrex, Vatché Tchakmakian, provides services on a consultant basis and is compensated at established market rates. The NeoTerrex Board annually reviews the total compensation package of each of the executive officers of NeoTerrex on an individual basis against the backdrop of the compensation goals and objectives described above.

NeoTerrex provides executive officers who are compensated by salary with base salaries that represent a fixed element of compensation and their minimum compensation for services rendered, or expected to be rendered. The base salary of executive officers depends on the scope of their experience, responsibilities, leadership skills, performance, length of service, general industry trends and practices, competitiveness and NeoTerrex's existing financial resources. Base salaries are determined annually by the NeoTerrex Board.

NeoTerrex compensates executive officers who provide services on a consultant basis pursuant to monthly invoices. This compensation is dependent on established market rates for consultants providing comparable services, and is reviewed regularly by the NeoTerrex Board.

Risks

The NeoTerrex Board recognizes that certain elements of compensation could promote unintended inappropriate or excessive risk-taking behaviours; however, the NeoTerrex Board does not believe that its compensation policies and practices are reasonably likely to have a material adverse effect on NeoTerrex.

Named Executive Officers and directors of NeoTerrex are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

Stock Option Plan

NeoTerrex does not currently have a stock option plan in place.

Summary Compensation Table

The following table sets forth the compensation paid, payable, awarded granted, given or otherwise provided, directly or indirectly, to each Named Executive Officer of NeoTerrex during the financial years ended December 31, 2022 and 2021.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Mathieu Stephens ⁽¹⁾ <i>President, Chief Executive Officer and Director</i>	2022	128,500	-	-	-	-	-	-	128,500
	2021	-	-	-	-	-	-	32,781 ⁽²⁾	32,781
Vatché Tchakmakian ⁽³⁾ <i>Vice-President and Secretary</i>	2022	-	-	-	-	-	-	60,138	60,138
	2021	-	-	-	-	-	-	17,213	17,213

Note:

1. No compensation was provided to Mr. Stephens in his capacity as a director of NeoTerrex.
2. Mr. Stephens provided NeoTerrex with management and exploration consulting services in 2021.
3. The Vice-President and Secretary receives his compensation through a corporation controlled by him, Gestions Vatche Tchakmakian Inc. The amount disclosed is for professional fees from the Vice-President and Secretary and does not include the fees of his support staff.

Outstanding Share-based Awards and Option-based Awards

No share-based awards or option-based awards have been granted by NeoTerrex.

Incentive Plan Awards – Value Vested or Earned During the Year

No share-based awards or option-based awards have been granted by NeoTerrex.

Pension Plan Benefits

NeoTerrex does not provide a pension to its directors or Named Executive Officers.

Termination and Change of Control Benefits

On January 1st, 2022, NeoTerrex entered into an employment agreement with Mathieu Stephens (the "**Mathieu Stephens Employment Agreement**"), its President and Chief Executive Officer, which stipulates, among other things, a base salary and provides that in the event of a termination without cause or of a change of control, Mr. Stephens will be entitled to be paid a lump sum payment of \$250,000.

On January 1, 2022, NeoTerrex entered into a consulting agreement (the "**GVTI Consulting Agreement**") with GVTI to provide certain accounting, administrative and secretarial services to NeoTerrex for monthly fee based on certain agreed upon hourly rates for the services provided consistent with industry standards. Vatche Tchakmakian is the President, a director and principal shareholder of GVTI and has agreed to act as the Vice-President and Secretary of NeoTerrex during the term of the GVTI Consulting Agreement. The GVTI Consulting Agreement is for an indefinite period of time and provide for the payment of a lump sum amount of \$225,000 in the event of a termination without cause or of a change of control.

Under the Mathieu Stephens Employment Agreement and the GVTI Consulting Agreement, change of control occurs if:

- a) more than 50% of NeoTerrex voting shares are acquired;

- b) there is a change in the nature of its business;
- c) any one person or a combination of persons acting in concert hold a sufficient number of NeoTerrex voting shares to affect materially the control of the board of directors of NeoTerrex;
- d) there occurs a change in the composition of the board of directors of NeoTerrex, which occurs at a single meeting of the shareholders of NeoTerrex, or a succession of meetings of the shareholders of the NeoTerrex occurring within six (6) months of each other, whereby such individuals who were members of the board of directors immediately prior to such meeting or succession of meetings cease to constitute a majority of the board of directors without the board of directors, as constituted prior to such meeting or meetings, approving of such change;
- e) there is a sale of substantially all of the assets of NeoTerrex; or
- f) NeoTerrex materially alters the duties and responsibilities of the above-named Named Executive Officers.

Director Compensation

Director Compensation Table

No compensation was provided to the directors of NeoTerrex during the financial year ended December 31, 2022 for their capacity as directors.

Outstanding Share-based Awards and Option-based Awards

No share-based awards or option-based awards have been granted by NeoTerrex.

Incentive Plan Awards – Value Vested or Earned During the Year

No share-based awards or option-based awards have been granted by NeoTerrex.

Management Contracts

NeoTerrex is not party to any agreement whereby management functions of NeoTerrex are to any substantial degree performed by a person other than the directors or executive officers of NeoTerrex.

Non-Arm's Length Party Transactions

NeoTerrex has not acquired or provided any assets or services in any transaction involving a director, officer or Promoter of NeoTerrex, a securityholder disclosed in the Filing Statement as a principal securityholder, either before or after giving effect to the Transaction, or any of their respective Associates or Affiliates, other than as set out in this section or otherwise disclosed in this Filing Statement.

Mount Discovery Project

On October 26, 2021, NeoTerrex entered into the Mount Discovery Project Agreement to acquire 64 mineral claims located in the Province of Quebec in exchange for 4,000,000 NeoTerrex Shares (valued at \$100,000, being the fair value) and a 2.5% net smelter royalty to be retained by the MDP Vendors. NeoTerrex has a right to purchase one-half (1.25%) of the net smelter royalty for \$1,000,000. One of the MDP Vendors is Mathieu Stephens, President, Chief Executive Officer and director of NeoTerrex, and pursuant to the MDP Acquisition, Mr. Stephens received 2,000,000 NeoTerrex Shares. In 2022, the MDP Vendors assigned to HTS Holdings Inc. 0.5% of the net smelter royalty on a portion of the Mount Discovery Project. HTS Holdings Inc. is an insider of NeoTerrex and Denis Pilon, a director of NeoTerrex, is an officer of this HTS Holdings Inc.

GreenWinds Project

On October 26, 2021, NeoTerrex entered into an option agreement with two individuals (the "**GreenWinds Option Agreement**"). Under the terms of the GreenWinds Option Agreement, NeoTerrex had an option to earn a 100% interest in 82 claims commonly known as the GreenWinds project. One of the terms of the agreement was the issuance of 1,000,000 NeoTerrex Shares to the optionors at the execution of the agreement. One of the optionors is Mathieu Stephens, President, Chief Executive Officer and director of NeoTerrex, and pursuant to the terms of the GreenWinds Option Agreement, Mr. Stephens received 500,000 NeoTerrex Shares. On December 15, 2022, NeoTerrex gave notice to the optionors of its decision to withdraw from the GreenWinds Option Agreement effective January 15, 2023.

Roman Project

On June 2, 2023, NeoTerrex entered into the Roman Project Agreement to acquire 25 mineral claims located in the Province of Quebec and comprising the Roman Project at that time in exchange for a cash payment of \$10,000,300,000 NeoTerrex Shares (valued at \$68,000, being the fair value) and a 2.0% net smelter royalty to be retained by the vendor. NeoTerrex has a right to purchase one-half (1%) of the royalty for \$500,000. The vendor is Mathieu Stephens, President, Chief Executive Officer and a director of NeoTerrex.

Legal Proceedings

There are no legal proceedings material to NeoTerrex or to which NeoTerrex or a subsidiary of NeoTerrex is a party or of which any of their respective property is the subject matter. Additionally, to the reasonable knowledge of the management of NeoTerrex, there are no such proceedings contemplated.

Material Contracts

The following material contracts have been entered into by NeoTerrex within the two years before the date of this Filing Statement:

- (a) the Amalgamation Agreement;
- (b) the Mount Discovery Project Agreement;
- (c) the Roman Project Agreement;
- (d) the Fancamp Exploration Side Letter; and
- (e) the HTS Investment Agreement.

Copies of the contracts may be inspected without charge during regular business hours at 1875 Maurice-Gauvin Street, Suite 301, Laval, Quebec, H7S 2M5 until the closing of the Transaction and for a period of 30 days thereafter.

THE PROPOSED TRANSACTION

Amalgamation Agreement

On October 4, 2023, Spitfyre and NeoTerrex entered into the Amalgamation Agreement providing for the Transaction. Completion of the Transaction is subject to satisfaction of a number of conditions precedent, including, but not limited to, receipt of the approval of the Exchange, the requisite approval of the NeoTerrex Shareholders of the Amalgamation and the requisite approval of the Spitfyre Shareholders of the Name Change, the Continuance and the NeoTerrex Director Appointments.

The Amalgamation Agreement may be terminated as follows:

- (i) by mutual agreement in writing by the parties;
- (ii) in the event that either NeoTerrex or Spitfyre receives an Alternative Offer, upon such party providing forthwith a copy of the Alternative Offer to the other party or, if made orally, a written summary of the Alternative Offer (and in any event within 1 Business Day following receipt thereof) and upon such party providing written notice to the other party of termination;
- (iii) by NeoTerrex: (i) by notice to Spitfyre if any of the conditions to closing of the Amalgamation set out for the benefit of NeoTerrex in section 5.1 of the Amalgamation Agreement are not fulfilled or performed by the Amalgamation Agreement Termination Date; or (ii) upon a breach by Spitfyre of its covenants set out Section 3.1(a) of the Amalgamation Agreement that could reasonably result in a condition set forth in Section 5.1 of the Amalgamation Agreement (which condition has not been waived) to be incapable of being satisfied on or before the Amalgamation Agreement Termination Date;
- (iv) by Spitfyre: (i) by notice to NeoTerrex if any of the conditions to closing of the Amalgamation set out for the benefit of Spitfyre in Section 5.2 are not fulfilled or performed by the Amalgamation Agreement Termination Date; or (ii) upon a breach by NeoTerrex of its covenants set out in Section 3.3(a) of the Amalgamation Agreement that could reasonably result in a condition set forth in Section 5.2 of the Amalgamation Agreement (which condition has not been waived) to be incapable of being satisfied on or before the Amalgamation Agreement Termination Date;
- (v) by any party if the Amalgamation is not completed by the Amalgamation Agreement Termination Date; or
- (vi) by any party if any Governmental Authority has notified any of Spitfyre, Subco or NeoTerrex that it will not permit the Amalgamation to proceed, in whole or in part.

A copy of the Amalgamation Agreement has been filed on SEDAR+ at www.sedarplus.ca. The summary of the Amalgamation Agreement contained in this Filing Statement is qualified in its entirety by reference to the full version of the Amalgamation Agreement.

NeoTerrex Private Placement

In connection with the Transaction, NeoTerrex intends to complete the NeoTerrex Private Placement through the Agents, whereby it anticipates selling NeoTerrex CS Subscription Receipts and NeoTerrex FT Subscription Receipts, at a price of \$0.25 per NeoTerrex CS Subscription Receipt and \$0.30 per NeoTerrex FT Subscription Receipt, for gross proceeds, together with the aggregate gross proceeds from the Spitfyre Private Placement, of a minimum of \$2,000,000 and a maximum of \$4,000,000, provided that the aggregate gross proceeds from the sale of the NeoTerrex FT Subscription Receipts may not be greater than two times the aggregate gross proceeds from the sale of the CS Subscription Receipts. NeoTerrex anticipates entering into the Agency Agreement and the NeoTerrex Subscription Receipt Agreement in respect of the NeoTerrex Private Placement.

Each NeoTerrex CS Subscription Receipt issued in connection with the NeoTerrex Private Placement will be automatically converted immediately prior to the completion of the Amalgamation, without further payment or action

on the part of the holder, upon satisfaction of the Escrow Release Conditions, into one NeoTerrex Unit, subject to adjustment as provided for in the NeoTerrex Subscription Receipt Agreement. Each NeoTerrex Unit is comprised of one NeoTerrex Share and one-half of one NeoTerrex Warrant. Each whole NeoTerrex Warrant will entitle the holder thereof to purchase one NeoTerrex Share at a price of \$0.40 per NeoTerrex Share for a period of 24 months following the date of issuance thereof, subject to adjustment in certain events.

Each NeoTerrex FT Subscription Receipt issued in connection with the NeoTerrex Private Placement will be automatically converted immediately prior to the completion of the Amalgamation, without further payment or action on the part of the holder, upon satisfaction of the Escrow Release Conditions, into one NeoTerrex Share issued on a flow-through basis under the *Income Tax Act* (Canada), subject to adjustment in certain events.

Subject to certain assumptions discussed below under the heading "*The Proposed Transaction – Amalgamation*", the NeoTerrex Shares and the NeoTerrex Warrants comprising the NeoTerrex Units will be exchanged for Resulting Issuer Shares and Resulting Issuer Replacement Warrants, respectively, in accordance with the terms of the Amalgamation.

A portion of the gross proceeds of the NeoTerrex Private Placement, forming part of the Escrowed Funds, will be delivered to and held in escrow by the Subscription Receipt Agent in accordance with the NeoTerrex Subscription Receipt Agreement and will be released to NeoTerrex upon the satisfaction of the Escrow Release Conditions, provided that the Escrow Release Conditions are satisfied at or prior to the Escrow Release Deadline.

In connection with the NeoTerrex Private Placement, the Agents will be entitled to be (i) paid a cash commission equal to 7.5% of the gross proceeds from the sale of the NeoTerrex Subscription Receipts, 50% of which will be paid on the Private Placement Date and 50% of which will be payable upon the release of the Escrowed Funds, (ii) issued NeoTerrex CS Broker Warrants in an amount equal to 7.5% of the number of the issued NeoTerrex CS Subscription Receipts sold under the NeoTerrex Private Placement upon the satisfaction of the Escrow Release Conditions, and (iii) issued NeoTerrex FT Broker Warrants in an amount equal to 7.5% of the number of issued NeoTerrex FT Subscription Receipts sold under the NeoTerrex Private Placement upon the satisfaction of the Escrow Release Conditions. A reduced cash commission (3%) will be payable and a reduced number (3%) of NeoTerrex CS Broker Warrants and NeoTerrex FT Broker Warrants will be issuable in respect of the sale of NeoTerrex Subscription Receipts to purchasers identified by NeoTerrex or Spitfyre to the Agents up to a maximum aggregate total of \$750,000 (including any such amount identified under the Spitfyre Private Placement) of the amount of the Private Placements. The 50% portion of the cash commissions and the Agent's reasonable expenses which will be payable to the Agents on the Private Placement Date in respect of the Spitfyre Private Placement will be paid out of the gross proceeds of the NeoTerrex Private Placement.

It is anticipated that the Agency Agreement will require certain senior officers and directors of the Resulting Issuer to enter into the Private Placement Lock-Up Agreements pursuant to which such senior officers and directors will agree not to dispose of their Resulting Issuer Shares for a period of 180 days following the Private Placement Date unless they first obtain the written consent of the Agents, subject to certain exceptions.

Spitfyre Private Placement

In connection with the Transaction, Spitfyre intends to complete the Spitfyre Private Placement through the Agents, whereby it anticipates selling Spitfyre CS Subscription Receipts at a price of \$0.25 per Spitfyre CS Subscription Receipt, for gross proceeds, together with the aggregate gross proceeds from the NeoTerrex Private Placement, of a minimum of \$2,000,000 and a maximum of \$4,000,000, provided that the aggregate gross proceeds from the sale of the NeoTerrex FT Subscription Receipts may not be greater than two times the aggregate gross proceeds from the sale of the CS Subscription Receipts. Spitfyre anticipates entering into the Agency Agreement and the Spitfyre Subscription Receipt Agreement in respect of the Spitfyre Private Placement.

Each Spitfyre CS Subscription Receipt issued in connection with the Spitfyre Private Placement will be automatically converted immediately prior to the completion of the Amalgamation, without further payment or action on the part of the holder, upon satisfaction of the Escrow Release Conditions, into one Spitfyre Unit, subject to adjustment as provided for in the Spitfyre Subscription Receipt Agreement. Each Spitfyre Unit is comprised of one Spitfyre Share and one-half of one Spitfyre Warrant. Each whole Spitfyre Warrant will entitle the holder thereof to purchase one

Spitfyre Share at a price of \$0.40 per Spitfyre Share for a period of 24 months following the date of issuance thereof, subject to adjustment in certain events.

The full gross proceeds of the Spitfyre Private Placement will be delivered to and held in escrow by the Subscription Receipt Agent in accordance with the Spitfyre Subscription Receipt Agreement and will be released to Spitfyre upon the satisfaction of the Escrow Release Conditions, provided that the Escrow Release Conditions are satisfied at or prior to the Escrow Release Deadline. The 50% portion of the cash commissions and the Agent's reasonable expenses which will be payable to the Agents on the Private Placement Date in respect of the Spitfyre Private Placement will be paid out of the gross proceeds of the NeoTerrex Private Placement.

In connection with the Spitfyre Private Placement, the Agents will be entitled to be (i) paid a cash commission equal to 7.5% of the gross proceeds from the sale of the Spitfyre CS Subscription Receipts, 50% of which will be paid out of the gross proceeds of the NeoTerrex Private Placement on the Private Placement Date and 50% of which will be payable upon the release of the Escrowed Funds, and (ii) issued Spitfyre CS Broker Warrants in an amount equal to 7.5% of the number of the issued Spitfyre CS Subscription Receipts sold under the Spitfyre Private Placement upon the satisfaction of the Escrow Release Conditions. A reduced cash commission (3%) will be payable and a reduced number (3%) of Spitfyre CS Broker Warrants will be issuable in respect of the sale of Spitfyre CS Subscription Receipts to purchasers identified by NeoTerrex or Spitfyre to the Agents up to a maximum aggregate total of \$750,000 (including any such amount identified under the NeoTerrex Private Placement) of the amount of the Private Placements.

Spitfyre Shareholders' Meeting

Pursuant to the Amalgamation Agreement, Spitfyre held the Spitfyre Shareholders' Meeting on October 23, 2023 for the purpose of, among other things, approving (i) the Name Change, (ii) the Continuance and (iii) the NeoTerrex Director Appointments.

NeoTerrex Shareholders' Meeting

Pursuant to the Amalgamation Agreement, NeoTerrex will hold the NeoTerrex Shareholders' Meeting for the purpose of, among other things, approving the Amalgamation and the Amalgamation Agreement.

Amalgamation

On October 4, 2023, Spitfyre and NeoTerrex, together with Subco, entered into the Amalgamation Agreement. Pursuant to the Amalgamation Agreement, among other things, it is expected that at the Effective Time the following will occur without further act or formality:

- (i) NeoTerrex and Subco will amalgamate and continue as Amalco;
- (ii) each NeoTerrex Share outstanding immediately prior to the Effective Time held by a Dissenting NeoTerrex Shareholder will become an entitlement to be paid the fair value of such share;
- (iii) each NeoTerrex Share (other than those held by Dissenting NeoTerrex Shareholders) outstanding immediately prior to the Effective Time shall be cancelled and, in consideration therefor, the holder of such NeoTerrex Share shall receive one (1) fully paid and non-assessable Resulting Issuer Share;
- (iv) each NeoTerrex Warrant outstanding immediately prior to the Effective Time shall be cancelled and, in consideration therefor, the holder of such NeoTerrex Warrant shall receive one (1) Resulting Issuer Replacement Warrant;
- (v) each NeoTerrex Broker Warrant outstanding immediately prior to the Effective Time shall, in accordance with the terms of such NeoTerrex Broker Warrant, entitle the holder thereof to purchase one (1) Resulting Issuer Share for every one NeoTerrex Share into which a NeoTerrex Broker Warrant may be exercised (the vesting dates and the expiry time of the NeoTerrex Broker Warrants shall remain unchanged);

- (vi) each Subco Share outstanding immediately prior to the Effective Time shall be cancelled and, in consideration therefor, Amalco shall issue one Amalco Share to Spitfyre;
- (vii) the property of each of Subco and NeoTerrex shall continue to be the property of Amalco and Amalco shall continue to be liable for the obligations of each of Subco and NeoTerrex; and
- (viii) Amalco will be a direct wholly-owned subsidiary of Spitfyre.

Based on the foregoing and the number of NeoTerrex Shares and securities convertible into NeoTerrex Shares currently outstanding or anticipated to be outstanding immediately prior to the Amalgamation and assuming the Escrow Release Conditions are satisfied at or prior to the Escrow Release Deadline, pursuant to the terms of the Amalgamation Agreement:

- (a) assuming the completion of the Minimum Private Placements, and further assuming that only NeoTerrex Subscription Receipts are issued pursuant to the Private Placements and no Spitfyre CS Subscription Receipts are issued pursuant to the Private Placements:
 - (i) 66,855,111 Spitfyre Shares are expected to be issued to the NeoTerrex Shareholders in exchange for 66,855,111 NeoTerrex Shares, being all of the NeoTerrex Shares which are expected to be issued and outstanding immediately prior to the Amalgamation upon the automatic conversion of the NeoTerrex Subscription Receipts, based on the foregoing assumptions;
 - (ii) 1,333,334 Resulting Issuer Replacement Warrants to purchase 1,333,334 Resulting Issuer Shares are expected to be issued to the holders of NeoTerrex Warrants in exchange for 1,333,334 NeoTerrex Warrants to purchase 1,333,334 NeoTerrex Shares, being all of the NeoTerrex Warrants which are expected to be issued and outstanding immediately prior to the Amalgamation upon the automatic conversion of the NeoTerrex Subscription Receipts, based on the foregoing assumptions; and
 - (iii) 3,829,633 NeoTerrex Broker Warrants are expected to entitle the holders thereof to purchase 3,829,633 Resulting Issuer Shares instead of 3,829,633 NeoTerrex Shares, being all of the NeoTerrex Broker Warrants which are expected to be issued and outstanding immediately prior to the Amalgamation, based on the foregoing assumptions and assuming nil President's List Purchasers;
- (b) assuming the completion of the Maximum Private Placements, and further assuming that only NeoTerrex Subscription Receipts are issued pursuant to the Private Placements and no Spitfyre CS Subscription Receipts are issued pursuant to the Private Placements:
 - (i) 75,744,000 Spitfyre Shares are expected to be issued to the NeoTerrex Shareholders in exchange for 75,744,000 NeoTerrex Shares, being all of the NeoTerrex Shares which are expected to be issued and outstanding immediately prior to the Amalgamation upon the automatic conversion of the NeoTerrex Subscription Receipts, based on the foregoing assumptions;
 - (ii) 8,000,000 Resulting Issuer Replacement Warrants to purchase 8,000,000 Resulting Issuer Shares are expected to be issued to the holders of NeoTerrex Warrants in exchange for 8,000,000 NeoTerrex Warrants to purchase 8,000,000 NeoTerrex Shares, being all of the NeoTerrex Warrants which are expected to be issued and outstanding immediately prior to the Amalgamation upon the automatic conversion of the NeoTerrex Subscription Receipts, based on the foregoing assumptions; and
 - (iii) 4,496,300 NeoTerrex Broker Warrants are expected to entitle the holders thereof to purchase 4,496,300 Resulting Issuer Shares instead of 4,496,300 NeoTerrex Shares, being all of the NeoTerrex Broker Warrants which are expected to be issued and outstanding

immediately prior to the Amalgamation, based on the foregoing assumptions and assuming nil President's List Purchasers.

After giving effect to the Amalgamation, all Spitfyre Shares shall be referred to herein as "Resulting Issuer Shares".

Conditional Acceptance of the Exchange

Spitfyre has received conditional acceptance of the Exchange for the completion of the Transaction. Final acceptance of the Exchange is subject to Spitfyre fulfilling all of the requirements for final acceptance of the Exchange. There can be no assurance that Spitfyre will be able to satisfy the requirements of the Exchange.

INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer. This section only includes information respecting the Resulting Issuer that is materially different from information provided earlier in this Filing Statement. Following the completion of the Transaction, the Resulting Issuer will carry on the business of NeoTerrex. Please see the discussion under the various headings in the sections entitled "Information Concerning Spitfyre" and "Information Concerning NeoTerrex" for additional information regarding Spitfyre and NeoTerrex, respectively. See also the Pro Forma Financial Statements of the Resulting Issuer attached hereto as Appendix "K".

Name and Incorporation

The Resulting Issuer will be continued under the CBCA and it is expected that its corporate name will be changed to "NeoTerrex Incorporated", or such other name as is acceptable to the Board, NeoTerrex and applicable regulatory authorities. In connection with the Transaction, the articles will be amended to provide for the Name Change. The Name Change was approved by the Spitfyre Shareholders at the Spitfyre Shareholders' Meeting on October 23, 2023.

The Resulting Issuer's registered and head office will be at 5390 West River Drive, Ottawa, Ontario, K4M 1G4.

Intercorporate Relationships

After giving effect to the Transaction, the Resulting Issuer's sole direct and wholly-owned subsidiary will be Amalco, which will exist under the laws of Canada. The Resulting Issuer will own 100% of the issued and outstanding voting securities of Amalco. Following the Transaction, the Resulting Issuer may complete a vertical short-form amalgamation to amalgamate with Amalco.

Narrative Description of the Business

Following completion of the Transaction, the business of the Resulting Issuer will be the business of NeoTerrex. For a description of the business of NeoTerrex, refer to the discussion under the headings in the sections entitled "Information Concerning NeoTerrex – General Development of the Business" and "Information Concerning NeoTerrex – Narrative Description of the Business".

Stated Business Objectives & Milestones

The business objectives that the Resulting Issuer expects to accomplish using the available funds described below under the heading "Available Funds and Principal Purposes" include the following:

NeoTerrex plans to undertake exploration of its Mount Discovery Project in two work program phases. The first phase has the objective of locating additional mineralization at surface and increasing geological knowledge of the Mount Discovery Project, and more specifically in the area where mineralization has been encountered to date. The program includes prospecting, geological mapping, trenching and stripping. Several types of preliminary geochemical surface surveys will be conducted over known mineralized areas to determine the best method(s) to explore the remainder of the Mount Discovery Project. A preliminary drill program will be conducted over the most prospective targets to test for near surface mineralization and provide further geological information.

Provided the first phase is successful, the second phase includes prospecting and geological mapping over the entire Mount Discovery Project. Trenching and stripping would also be performed on areas of interest identified in the first phase. Stream sediment sampling on the two largest blocks will be completed in the spring and airborne geophysics consisting of a radiometric and magnetic survey will cover areas not previously flown. A 7,000m drill program will be performed on the most prospective targets and occurrences to determine mineralization continuity and potential extension at depth,

The budget currently proposed for the program is detailed in the table below.

PHASE 1

Geological/structural mapping, prospecting and sampling programs	
· Geologist & 3 prospectors at \$2,500/day x 40 days	\$100,000
· Senior geologist at \$1,000/day x 15 days	\$15,000
· Board and room (4 person at \$200/day/person x 40 days)	\$32,000
· Board and room (1 person at \$200/day/person x 15 days)	\$3,000
Biogeochemical (leaved tree twigs) analysis orientation survey	
· 40 samples at \$50/sample	\$2,000
Stream sediment sampling orientation survey	
· 40 samples at \$50/sample	\$2,000
Stripping with detailed mapping and channel sampling	
· 12 days at \$4,000/day (all included)	\$48,000
Rock analysis	
· 500 samples at \$80/sample	\$40,000
Orientation diamond drilling (BQ size) on coinciding structural, geophysical, geological and geochemical anomalies:	
· 100 m at 80\$/m (all included)	\$8,000
Core sampling	
· 50 samples at \$80/sample	\$4,000
Transportation (1 Pickup 4X4, 2 VTT, 1 UTV)	\$25,000
Equipment and supplies	\$15,000
Technical work report	\$40,000
Subtotal	\$334,000
Supervision and administration (5%)	\$17,000
Contingencies (15%)	\$50,000

Total Phase 1	\$401,000
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PHASE 2 (if warranted from Phase 1)	
Airborne geophysical surveys over extended property blocks	\$100,000
Geological/structural mapping, prospecting and sampling programs	
· 4 Technicians at \$550/day/person x 15 days	\$33,000
· Senior geologist at \$1,000/day x 5 days	\$5,000
· Board and room (4 person at \$200/day/person x 15 days)	\$12,000
· Board and room (1 person at \$200/day/person x 5 days)	\$1,000
Stream sediment sampling survey	
· 400 samples at \$50/sample	\$20,000
Rock analysis	
· 50 samples at \$80/sample	\$4,000
Mineralogy	
- 50 samples at \$400/samples	\$20,000
Transportation (1 Pickup 4X4, 2 VTT, 1 UTV)	\$30,000
Equipment and supplies	\$21,000
Diamond drilling (NQ size) on coinciding structural, geophysical, geological, geochemical anomalies and orientation drill program following phase 1 exploration program:	
- 7,000 m at 200\$/m (all included)	\$1,400,000
Core sampling	
· 1,300 samples at \$80/sample	\$104,000
Technical work report	\$40,000
	<hr/>
Subtotal	\$1,790,000
Supervision and Administration (5%)	\$89,500
Contingencies (15%)	\$268,500
Total Phase 2	\$2,148,000
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Description of Securities

Resulting Issuer Shares

The share structure of the Resulting Issuer will be the same as the share structure of Spitfyre and the rights associated with each Resulting Issuer Share will be the same as the rights associated with each Spitfyre Share. Please see the discussion under the heading "*Information Concerning Spitfyre - Description of Securities*".

Following completion of the Transaction, assuming completion of the Minimum Private Placements, it is anticipated that the Resulting Issuer will have 72,605,111 Resulting Issuer Shares outstanding, of which 59,744,000 Resulting Issuer Shares, representing approximately 82.29% of the then outstanding Resulting Issuer Shares, will be held by the former NeoTerrex Shareholders (not including those NeoTerrex Shareholders who received their NeoTerrex Shares in connection with the NeoTerrex Private Placement), 5,750,000 Resulting Issuer Shares, representing approximately 7.92% of the then outstanding Resulting Issuer Shares, will be held by the current Spitfyre Shareholders (not including those Spitfyre Shareholders who received their Spitfyre Shares in connection with the Spitfyre Private Placements), and 7,111,111 Resulting Issuer Shares, representing approximately 9.79% of the then outstanding Resulting Issuer Shares, will be held by investors in the Private Placements.

Following completion of the Transaction, assuming completion of the Maximum Private Placements, it is anticipated that the Resulting Issuer will have 81,494,000 Resulting Issuer Shares outstanding, of which 59,744,000 Resulting Issuer Shares, representing approximately 73.31% of the then outstanding Resulting Issuer Shares, will be held by the former NeoTerrex Shareholders (not including those NeoTerrex Shareholders who received their NeoTerrex Shares in connection with the NeoTerrex Private Placement), 5,750,000 Resulting Issuer Shares, representing approximately 7.06% of the then outstanding Resulting Issuer Shares, will be held by the current Spitfyre Shareholders (not including those Spitfyre Shareholders who received their Spitfyre Shares in connection with the Spitfyre Private Placement), and 16,000,000 Resulting Issuer Shares, representing approximately 19.63% of the then outstanding Resulting Issuer Shares, will be held by investors in the Private Placements.

Warrants

Following completion of the Transaction, assuming completion of the Minimum Private Placements, a total of approximately 1,333,334 Resulting Issuer Shares will be reserved for issuance upon the exercise of the 1,333,334 Resulting Issuer Warrants. In addition, and further assuming nil President's List Purchasers under the Private Placements, a total of approximately 3,954,633 Resulting Issuer Shares will be reserved for issuance upon the exercise of the 3,954,633 Resulting Issuer Broker Warrants.

Following completion of the Transaction, assuming completion of the Maximum Private Placements, a total of approximately 8,000,000 Resulting Issuer Shares will be reserved for issuance upon the exercise of the 8,000,000 Resulting Issuer Warrants. In addition, and further assuming nil President's List Purchasers, a total of approximately 4,621,300 Resulting Issuer Shares will be reserved for issuance upon the exercise of the 4,621,300 Resulting Issuer Broker Warrants.

Pro Forma Consolidated Capitalization

The following table outlines the expected pro forma share capital of the Resulting Issuer, on a consolidated basis, after giving effect to the Transaction, based on the pro forma consolidated balance sheet attached to this Filing Statement as Appendix "K".

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding after giving Effect to the Transaction	
		Assuming Completion of the Minimum Private Placements	Assuming Completion of the Maximum Private Placements
Resulting Issuer Shares	Unlimited	72,605,111 ⁽¹⁾	81,494,000 ⁽²⁾

		\$7,407,998 ⁽³⁾	\$9,150,221 ⁽³⁾
Resulting Issuer Warrants ⁽⁴⁾	Up to 8,000,000	1,333,334	8,000,000
Resulting Issuer Broker Warrants ⁽⁵⁾	Up to 4,621,300	3,954,633	4,621,300
Resulting Issuer Options ⁽⁶⁾	-	-	-

Notes:

1. Resulting Issuer Shares includes 7,111,111 Subscription Receipts (resulting in 7,111,111 Resulting Issuer Shares) issued pursuant to the Private Placements. See "*The Proposed Transaction – NeoTerrex Private Placement*" and "*The Proposed Transaction – Spitfyre Private Placement*".
2. Resulting Issuer Shares includes 16,000,000 Subscription Receipts (resulting in 16,000,000 Resulting Issuer Shares) issued pursuant to the Private Placements. See "*The Proposed Transaction – NeoTerrex Private Placement*" and "*The Proposed Transaction – Spitfyre Private Placement*".
3. Amount represents the applicable share capital in the pro forma consolidated balance sheet.
4. Each Resulting Issuer Warrant will be exercisable into one Resulting Issuer Share.
5. Each Resulting Issuer Broker Warrant is exercisable into one Resulting Issuer Share. Resulting Issuer Broker Warrants represents, collectively the 125,000 Spitfyre Agent Options currently issued and outstanding, the 3,296,300 NeoTerrex Existing Broker Warrants currently issued and outstanding, and the Spitfyre CS Broker Warrants, NeoTerrex CS Broker Warrants and NeoTerrex FT Broker Warrants to be issued pursuant to the Private Placements. Assuming the completion of the Minimum Private Placements and nil President's List Purchasers, there will be an aggregate of 533,333 Spitfyre CS Broker Warrants, NeoTerrex CS Broker Warrants and NeoTerrex FT Broker Warrants issued and outstanding. Assuming the completion of the Maximum Private Placements and nil President's List Purchasers, there will be an aggregate of 1,200,000 Spitfyre CS Broker Warrants and NeoTerrex CS Broker Warrants, and nil NeoTerrex FT Broker Warrants, issued and outstanding.
6. The aggregate maximum number of Resulting Issuer Shares that will available for issuance under the Resulting Issuer Option Plan may not exceed 10% of the number of issued and outstanding Resulting Issuer Shares from time to time. See "*Information Concerning the Resulting Issuer – Security Based Compensation*" and "*Information Concerning Spitfyre – Stock Option Plan*".
7. As at June 30, 2023, a deficit of \$2,874,426.

Fully Diluted Share Capital

The following table outlines the expected number and percentage of Resulting Issuer Shares to be outstanding on a fully diluted basis after giving effect to the Transaction:

Description of Issue	Assuming Completion of the Minimum Private Placements		Assuming Completion of the Maximum Private Placements	
	Number of Resulting Issuer Shares After Giving Effect to the Transaction	Percentage of Total	Number of Resulting Issuer Shares After Giving Effect to the Transaction	Percentage of Total
Resulting Issuer Shares to be held by the current Spitfyre Shareholders	5,750,000	7.38%	5,750,000	6.11%
Resulting Issuer Shares to be issued to current NeoTerrex Shareholders pursuant to the Amalgamation	59,744,000	76.70%	59,744,000	63.48%
Resulting Issuer Shares to be issued as a result of the Private Placements	7,111,111	9.13%	16,000,000	17.00%
Subtotal (non-diluted)	72,605,111	-	81,494,000	-
Resulting Issuer Shares issuable on the exercise of Resulting Issuer Warrants	1,333,334	1.71%	8,000,000	8.50%
Resulting Issuer Shares issuable on the exercise of Resulting Issuer Broker Warrants	3,954,633 ⁽¹⁾	5.08% ⁽¹⁾	4,621,300 ⁽²⁾	4.91% ⁽²⁾
Resulting Issuer Shares issuable on the exercise of Resulting Issuer Options	-	-	-	-
Total Resulting Issuer Shares (fully diluted)	77,893,078	100%	94,115,300	100%

Notes:

1. Resulting Issuer Broker Warrants represents, collectively the 125,000 Spitfyre Agent Options currently issued and outstanding, the 3,296,300 NeoTerrex Existing Broker Warrants currently issued and outstanding, and the Spitfyre CS Broker Warrants, NeoTerrex CS Broker Warrants and NeoTerrex FT Broker Warrants to be issued pursuant to the Private Placements. Assuming the completion of the Minimum Private Placements and nil President's List Purchasers, there will be an aggregate of 533,333 Spitfyre CS Broker Warrants, NeoTerrex CS Broker Warrants and NeoTerrex FT Broker Warrants issued and outstanding.
2. Resulting Issuer Broker Warrants represents, collectively the 125,000 Spitfyre Agent Options currently issued and outstanding, the 3,296,300 NeoTerrex Existing Broker Warrants currently issued and outstanding, and the Spitfyre CS Broker Warrants, NeoTerrex CS Broker Warrants and NeoTerrex FT Broker Warrants to be issued pursuant to the Private Placements. Assuming the completion of the Maximum Private Placements and nil President's List Purchasers, there will be an aggregate of 1,200,000 Spitfyre CS Broker Warrants and NeoTerrex CS Broker Warrants, and nil NeoTerrex FT Broker Warrants, issued and outstanding.

Available Funds and Principal Purposes

As at October 31, 2023, Spitfyre had a working capital of \$336,000 and NeoTerrex had a working capital of \$2,843,000. Assuming completion of the Minimum Private Placements and nil President's List Purchasers, upon completion of the Transaction, Escrowed Funds in the anticipated net amount of \$1,810,000 will be released from escrow and the pro forma working capital of the Resulting Issuer will be \$4,989,000. Assuming completion of the Maximum Private Placements and assuming nil President's List Purchasers, upon completion of the Transaction, Escrowed Funds in the anticipated net amount of \$3,660,000 will be released from escrow and the pro forma working capital of the Resulting Issuer will be \$6,839,000.

The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives discussed above. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary. The following table shows the foreseeable available funds and the principal purposes for which the available funds are intended to be used by the Resulting Issuer, based on currently available information:

Available Funds:	Estimated Amount Assuming Completion of the Minimum Private Placements	Estimated Amount Assuming Completion of the Maximum Private Placements
Estimated Consolidated Working Capital (as at October 31, 2023)	\$3,179,000	\$3,179,000
Net Proceeds from the Private Placements	\$1,810,000 ⁽¹⁾	\$3,660,000 ⁽²⁾
Total Available Funds	\$4,989,000	\$6,839,000
Anticipated Uses of Funds:		
Exploration ⁽³⁾	\$2,969,000	\$2,969,000
Remaining Estimated Cost of Transaction	\$138,000	\$143,000
General and Administrative ⁽⁴⁾	\$649,800	\$649,800
Unallocated Working Capital	\$1,232,200	\$3,077,200
Total Uses	\$4,989,000	\$6,839,000

Notes:

1. Assuming nil President's List Purchasers and anticipated expenses of the Agents in the amount of \$40,000 payable out of the proceeds of the Private Placements. Represents gross proceeds of \$2,000,000 less \$150,000 in commissions and less \$40,000 of expected Agents' expenses (\$60,000 less a \$20,000 retainer previously provided to the Agents by NeoTerrex).
2. Assuming nil President's List Purchasers and anticipated expenses of the Agents in the amount of \$40,000 payable out of the proceeds of the Private Placements. Represents gross proceeds of \$4,000,000 less \$300,000 in commissions and less \$40,000 of expected Agents' expenses (\$60,000 less a \$20,000 retainer previously provided to the Agents by NeoTerrex).
3. Exploration costs include all costs related to the operating activities of the Resulting Issuer and are broken down as follows.

	C\$
Exploration Expenses on Mount Discovery Project (Phase 1 and 2)	2,549,000
Exploration Expenses on Rare Earth Projects and Lithium Projects	300,000
Claim Renewal and Maintenance Cost	20,000
Identification and Evaluation of Future Potential Acquisitions	100,000
TOTAL	2,969,000
4. General and administrative includes costs related to salaries, professional and consulting fees, office and administrative expenses, regulatory and transfer agent fees, insurance, tax, permits, and conference and promotion expenses.

The above uses of available funds should be considered estimates only. Please see the discussion under "*Forward-Looking Information*".

Dividends

There will be no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends subsequent to the completion of the Transaction. It is not currently contemplated that any dividends will be paid on the Resulting Issuer Shares in the immediate future following completion of the Transaction, as it is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, as and when dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid. Please see the discussion under "*Forward-Looking Information*".

Principal Securityholders

The following table sets out each securityholder anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of the Resulting Issuer Shares after giving effect to the Transaction:

Name and Municipality of Residence	Assuming Completion of the Minimum Private Placements		Assuming Completion of the Maximum Private Placements	
	Number of Resulting Issuer Shares owned after giving effect to the Transaction	Percentage of Resulting Issuer Shares owned after giving effect to the Transaction	Number of Resulting Issuer Shares owned after giving effect to the Transaction	Percentage of Resulting Issuer Shares owned after giving effect to the Transaction
Fancamp Exploration Ltd. ⁽¹⁾	10,709,777	14.75%	12,224,100	15.00%
HTS Holdings Inc. ⁽²⁾	10,709,777	14.75%	12,224,100	15.00%

Notes:

1. After giving effect to the Transaction, assuming that Fancamp Exploration Ltd. will purchase such number of Subscription Receipts under the Private Placements as will result in it holding 14.75% (in the case of the Minimum Private Placements) or 15% (in the case of the Maximum Private Placements) of the issued and outstanding Resulting Issuer Shares, Fancamp Exploration Ltd. will own, assuming completion of the Minimum Private Placements, 10,709,777 Resulting Issuer Shares, representing approximately 13.75% of the Resulting Issuer Shares on a fully diluted basis, and assuming completion of the Maximum Private Placements, 12,224,100 Resulting Issuer Shares, representing approximately 12.99% of the Resulting Issuer Shares on a fully diluted basis. James Robert Hunter and Ashwath Mehra are principal securityholders of Fancamp Exploration Ltd. Rajesh Sharma, a director of NeoTerrex and an expected director of the Resulting Issuer, is the President, Chief Executive Officer and a director of Fancamp Exploration Ltd. Mathieu Stephens, the President, Chief Executive Officer and a director of NeoTerrex and the expected President, Chief Executive Officer and a director of the Resulting Issuer, is a director of Fancamp Exploration Ltd.
2. After giving effect to the Transaction, assuming that HTS Holding Inc. will purchase such number of Subscription Receipts under the Private Placements as will result in it holding 14.75% (in the case of the Minimum Private Placements) or 15% (in the case of the Maximum Private Placements) of the issued and outstanding Resulting Issuer Shares, HTS Holding Inc. will own, assuming completion of the Minimum Private Placements, 10,709,777 Resulting Issuer Shares, representing approximately 13.75% of the Resulting Issuer Shares on a fully diluted basis, and assuming completion of the Maximum Private Placements, 12,224,100 Resulting Issuer Shares, representing approximately 12.99% of the Resulting Issuer Shares on a fully diluted basis. Luc Pilon is a principal securityholder of HTS Holdings Inc. Denis Pilon, a director of NeoTerrex and an expected director of the Resulting Issuer, is the Chief Operating Officer of HTS Holdings Inc.

Directors, Officers and Promoters

Directors and Officers of the Resulting Issuer

Concurrent with the completion of the Transaction, the following individuals will be appointed officers and/or directors of the Resulting Issuer as follows:

Officers

Mathieu Stephens – *President and Chief Executive Officer*
Vatché Tchakmakian – *Chief Financial Officer and Corporate Secretary*

Directors

Mathieu Stephens
Dale Burstall
Alastair Neill
Rajesh Sharma
Denis Pilon

provided that such officers and/or directors of the Resulting Issuer may be changed at NeoTerrex's option, subject to any required regulatory approvals.

Name, Address, Occupation and Security Holdings

The following table sets forth certain information regarding the proposed directors and officers of the Resulting Issuer, including their municipality of residence, the position(s) and office(s) to be held with the Resulting Issuer, their principal occupation within the five preceding years, the period during which each proposed director has served as a director of NeoTerrex and the approximate number and percentage of Resulting Issuer Shares proposed to be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised by each of them, upon completion of the Transaction:

Name and Municipality of Residence	Position or Office to be Held	Principal Occupation During Five Preceding Years	Date Became Director of NeoTerrex	Assuming Completion of the Minimum Private Placements ⁽¹⁾		Assuming Completion of the Maximum Private Placements ⁽¹⁾	
				Number of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Number of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Mathieu Stephens <i>Ottawa, Ontario</i>	President, Chief Executive Officer and Director	President and Chief Executive Officer of NeoTerrex since July 7, 2021. Prior thereto, President and Chief Executive Officer of UrbanGold Minerals Inc., a precious and base metals exploration company, from July 2019 until its acquisition by Troilus Gold Corp. in May 2021. Prior thereto, Mr. Stephens led the exploration team at Beaufield Resources Inc., a mineral exploration company, until its acquisition by Osisko Mining Inc. in October 2018.	July 7, 2021	3,600,000	4.96%	3,600,000	4.42%
Vatché Tchakmakian <i>Montreal, Quebec</i>	Chief Financial Officer and Corporate Secretary	Vice-President and Secretary of NeoTerrex since August 31, 2021. Prior thereto, Chief Financial Officer and Corporate Secretary of UrbanGold Minerals Inc., a precious and base metals exploration company, from October 1, 2019 until its acquisition by Troilus Gold Corp. in May 2021. Chief Financial Officer and Secretary of O2Gold Inc. (formerly Origin Gold Corp.), a precious and base metals exploration company, from August 2017 to January 2020.	N/A	640,000	0.88%	640,000	0.79%
Dale Burstall ⁽²⁾ <i>Calgary, Alberta</i>	Director	Partner with the law firm of DS Lawyers Canada LLP and its predecessors since 1994.	August 31, 2021	720,000	0.99%	720,000	0.88%
Alastair Neill ⁽²⁾ <i>Burlington, Ontario</i>	Director	President of Trinity Management, a consulting company specializing in business development activities in rare earths, specialty metals and start-up of technology-based operations.	August 31, 2021	200,000	0.28%	200,000	0.25%

Name and Municipality of Residence	Position or Office to be Held	Principal Occupation During Five Preceding Years	Date Became Director of NeoTerrex	Assuming Completion of the Minimum Private Placements ⁽¹⁾		Assuming Completion of the Maximum Private Placements ⁽¹⁾	
				Number of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Number of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Rajesh Sharma ⁽³⁾ <i>Montreal, Quebec</i>	Director	President and Chief Executive Officer of Fancamp Exploration Ltd., a mineral exploration company, since September 2020. Prior thereto, Executive in Residence, advising Investissement Québec on foreign direct investment, exports and partnerships 2019-2020. Prior thereto, Strategic Advisor, Chief Executive Officer and Managing Director of Tata Steel Mineral Canada, an iron mining and processing company, until May 2019.	December 21, 2021	150,000 ⁽⁵⁾	0.21%	150,000 ⁽⁵⁾	0.18%
Denis Pilon ⁽²⁾⁽⁴⁾ <i>Carp, Ontario</i>	Director	Chief Operating Officer of HTS Holdings Inc., an operator of a fleet of helicopters, since January 2000.	May 31, 2022	Nil	Nil	Nil	Nil

Notes:

- (1) Assumes that such individuals do not purchase any Subscription Receipts under the Private Placements. Upon completion of the Transaction, it is anticipated that there will be 72,605,111 Resulting Issuer Shares outstanding, assuming completion of the Minimum Private Placements, and 81,494,000 Resulting Issuer Shares outstanding, assuming completion of the Maximum Private Placements.
- (2) Proposed member of the Audit Committee.
- (3) To be appointed to the Board as the board nominee of Fancamp Exploration Ltd. pursuant to the letter agreement dated December 22, 2021 between NeoTerrex and Fancamp Exploration Ltd.
- (4) To be appointed to the Board as the board nominee of HTS Holdings Inc. pursuant to the investment agreement dated March 16, 2022 between NeoTerrex and HTS Holdings Inc.
- (5) Resulting Issuer Shares to be owned by Mr. Sharma's spouse.

Upon completion of the Transaction, it is expected that the proposed directors and officers of the Resulting Issuer, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, 5,310,000 Resulting Issuer Shares, representing approximately 7.32% of the then outstanding Resulting Issuer Shares, assuming completion of the Minimum Private Placements, and representing approximately 6.52% of the then outstanding Resulting Issuer Shares, assuming completion of the Maximum Private Placements. The foregoing assumes that such individuals do not purchase any Subscription Receipts under the Private Placements.

The proposed directors of the Resulting Issuer will serve until the first annual meeting of shareholders following completion of the Transaction.

Proposed Members of Management

Mathieu Stephens – Age 47 – President, Chief Executive Officer and Director

Mr. Stephens is a professional geologist with over 15 years in the mining industry. He is currently the President, Chief Executive Officer and a director of NeoTerrex. Prior thereto, Mr. Stephens was the President and Chief Executive Officer of UrbanGold Minerals Inc., a precious and base metals exploration company, which was subsequently acquired by Troilus Gold Corp. in 2021, and Vice President of Exploration for Beaufield Resources Inc., a mineral exploration company, which was acquired by Osisko Mining Inc. in 2018. Previous to this, Mr. Stephens worked for Canaccord Capital for over 6 years. Mr. Stephens holds a Bachelor of Science degree with a specialization in Geology from the University of Quebec of Montreal.

It is expected that Mr. Stephens will work as a full-time employee of the Resulting Issuer in the capacity as the President and Chief Executive Officer of the Resulting Issuer. It is anticipated that Mr. Stephens' employment agreement will contain non-disclosure provisions.

Vatché Tchakmakian – Age 61 – *Chief Financial Officer and Corporate Secretary*

Mr. Tchakmakian is a Chartered Professional Accountant with over 30 years of experience in the minerals industry. He is current the Vice-President and Secretary of NeoTerrex. Prior thereto, Mr. Tchakmakian was the Chief Financial Officer and Corporate Secretary of UrbanGold Minerals Inc., a precious and base metals exploration company, from October 1, 2019 until its acquisition by Troilus Gold Corp. in May 2021.

Mr. Tchakmakian is specialized in the field of public companies and securities regulations in Canada. Mr. Tchakmakian has been an officer of several public companies in the mineral sector having operations in Canada, and Latin America. From 1988 to 1993, he managed audit assignments at one of the predecessors of PricewaterhouseCoopers LLP, a national accounting firm, for a number of large private and public companies. Mr. Tchakmakian received his B.S. in Public Accounting from the École des Hautes Études Commerciales, in Montréal, Quebec. He sits on an advisory committee of the Exchange.

It is expected that Mr. Tchakmakian will work as an independent contractor of the Resulting Issuer in the capacity of Chief Financial Officer and Corporate Secretary of the Resulting Issuer, and that he will devote the time necessary to perform the work required in connection with such role. It is not anticipated that Mr. Tchakmakian will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Dale Burstall – Age 63 – *Director*

Mr. Burstall is a partner with DS Lawyers Canada LLP and practices in the area of commercial law with an emphasis on securities law. Mr. Burstall's practice includes all aspects of securities law from both the perspective of an issuer or an underwriter, including initial public offerings, secondary financings, mergers and acquisitions, all dealings with regulators including stock exchanges and securities commissions, and corporate governance. Mr. Burstall is a director or secretary of several issuers, both listed and private. Mr. Burstall is also a director of a charitable organization. In addition, Mr. Burstall sits on an advisory committee of the Exchange.

Mr. Burstall will devote the time necessary to perform the work required in connection with serving as a director of the Resulting Issuer. It is not anticipated that Mr. Burstall will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Alastair Neill – Age 69 – *Director*

Mr. Neill is the President of Trinity Management, a consulting company specializing in business development activities in rare earths and specialty metals. He has over 25 years of experience evaluating a number of potential mining projects globally. Mr. Neill has been the director of Exchange-listed companies and has presented at a number of global conferences. He has a degree in Material Science Engineering from the University of Western Ontario, London, Ontario and an MBA from York University, Toronto.

Mr. Neill will devote the time necessary to perform the work required in connection with serving as a director of the Resulting Issuer. It is not anticipated that Mr. Neill will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Rajesh Sharma – Age 54 – *Director*

Mr. Sharma has over 25 years of leadership experience in mining, exploration, metals and international trade. He has executive experience in advancing exploration and mining projects including investments, acquisitions, joint ventures, partnerships and running global businesses. Mr. Sharma is the current Chief Executive Officer of Fancamp Exploration Ltd., a mineral exploration company. His past roles include Executive in Residence at Investissement Quebec, CEO and Board Member of TSMC, Board member of SFPPN, PPP for Port at SFPPN, CEO and Board Member of Black Ginger 461 Pty Ltd, investment arm of Tata for mineral projects in Africa, Board member of exploration company Tata Steel Cote D'Ivoire. Mr. Sharma has management and engineering degrees. He completed a scholarship program

on Globalization and Leadership from London School of Economics. He was granted the ICD.D designation by the Institute of Corporate Directors.

Mr. Sharma will devote the time necessary to perform the work required in connection with serving as a director of the Resulting Issuer. It is not anticipated that Mr. Sharma will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Denis Pilon – Age 41 – Director

Mr. Pilon is Chief Operating Officer of Helicopter Transport Services, a global air operator that focuses in the mining sector and utility air operations. Mr. Pilon has been working closely with the mining sector for over twenty years and has also been an active rotary and fixed wing pilot on mining explorations projects. Mr. Pilon has over two decades of management experience in operating aviation businesses worldwide, from aerial firefighting, offshore, SAR, EMS, DOD Security and utility VFR operations. Mr. Pilon attained a Master of Business Administration degree from Queen's University.

Mr. Pilon will devote the time necessary to perform the work required in connection with serving as a director of the Resulting Issuer. It is not anticipated that Mr. Pilon will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Promoters

The individuals disclosed in the table below are, or have been in the two years preceding the date of this Filing Statement, Promoters of NeoTerrex or Spitfyre. It is expected that upon the completion of the Transaction, each will have the following shareholdings in the Resulting Issuer:

Name and Municipality of Residence	Promoter of	Resulting Issuer Common Shares assuming completion of the Transaction and the Minimum Private Placements⁽¹⁾	Resulting Issuer Common Shares assuming completion of the Transaction and the Minimum Private Placements⁽¹⁾
Mathieu Stephens <i>Ottawa, Ontario</i>	NeoTerrex	3,600,000 ⁽²⁾ (4.96%)	3,600,000 ⁽²⁾ (4.42%)
Gordon McMillan <i>Oakville, Ontario</i>	Spitfyre	797,000 (1.10%)	797,000 (0.98%)
Matthew McMillan <i>Oakville, Ontario</i>	Spitfyre	900,000 (1.24%)	900,000 (1.10%)
Ben Sokol <i>Toronto, Ontario</i>	Spitfyre	800,000 (1.10%)	800,000 (0.98%)
Simon Sokol <i>Toronto, Ontario</i>	Spitfyre	200,000 (0.28%)	200,000 (0.25%)
Ralph Garcea <i>Caledon, Ontario</i>	Spitfyre	800,000 (1.10%)	800,000 (0.98%)

Notes:

- (1) All percentages are on a non-diluted basis and assume that such individuals do not purchase any Subscription Receipts under the Private Placements.
- (2) Mathieu Stephens has received (i) 2,000,000 NeoTerrex Shares and a 1% net smelter royalty in connection with the MDP Acquisition on October 26, 2021; (ii) 500,000 NeoTerrex Shares in connection with the entering into of the GreenWinds Option Agreement on October 26, 2021; and (iii) 300,000 NeoTerrex Shares, a cash payment of \$10,000 and a 2.0% net smelter royalty pursuant to the Roman Project Agreement on June 2, 2023. For additional information, please see the discussion under the heading "*Information Concerning NeoTerrex – Non-Arm's Length Party Transactions*".

No Promoter of NeoTerrex is receiving any consideration in connection with the Transaction other than share consideration as disclosed in this Filing Statement. See "*Information Concerning NeoTerrex – Non-Arm's Length Party Transactions*".

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, to the knowledge of management, no proposed director, officer or Promoter of the Resulting Issuer or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, within 10 years before the date of the Filing Statement, has been a director, officer or Promoter of any Person or company that, while that Person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, a arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Burstall is a director of Composite Alliance Group Inc., formerly CanAsia Financial Inc. ("**CanAsia**"), since March 25, 2015. On or about May 5, 2016, the Alberta Securities Commission and other jurisdictions cease traded CanAsia for failing to file annual audited financial statements, a annual management's discussion and analysis and certification of annual filings for the year ended December 31, 2015 and subsequent periods. On or about September 27, 2017, the Alberta Securities Commission and other jurisdictions revoked CanAsia's cease trade order.

On or about April 2, 2014, the Alberta Securities Commission cease traded QSolar Limited ("**QSolar**") based on the fact that the entire board of directors and all of the executive officers resigned and QSolar discontinued operations. Pursuant to a court order dated on or about April 17, 2015, Dale Burstall, along with three other individuals, was appointed a director of QSolar in order to try to preserve the assets of QSolar. Mr. Burstall resigned as a director of QSolar effective June 18, 2015.

Penalties or Sanctions

No proposed director, officer or Promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

Personal Bankruptcies

No proposed director, officer or Promoter of the Resulting Issuer, or securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such Persons has, within the 10 years before the date of the Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, a arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or Promoter.

Conflicts of Interest

Other than as disclosed below, there are no existing or potential material conflicts of interest between the Resulting Issuer or a subsidiary of the Resulting Issuer and any proposed director, officer or Promoter of the Resulting Issuer or a subsidiary of the Resulting Issuer other than potential conflicts arising from the involvement of certain proposed directors and officers of the Resulting Issuer with other corporations or businesses which may be in competition with the business of the Resulting Issuer.

Mathieu Stephens, the proposed President, Chief Executive Officer and a director of the Resulting Issuer, holds a 2.0% net smelter royalty with respect to certain claims forming the Roman Project, pursuant to the Roman Project Agreement among Mathieu Stephens, Kimberly Holzman and NeoTerrex.

Mr. Stephens and Glenn Griesbach hold a 2.5% net smelter royalty with respect to certain claims forming the Mount Discovery Project, pursuant to the Mount Discovery Project Agreement among Mathieu Stephens, Glenn Griesbach and NeoTerrex, 20% of which net smelter royalty has been assigned to HTS Holdings Inc., pursuant to the net smelter

royalty assignment agreement made as of July 27, 2022 between Mathieu Stephens, Glenn Griesbach and HTS Holdings Inc.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and Promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or Promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Exchange or Trading Market	Position	From	To
Mathieu Stephens	Fancamp Exploration Ltd. <i>British Columbia</i>	TSXV	Director	October 2021	Present
	UrbanGold Minerals Inc. <i>Canada</i>	TSXV	Director Chief Executive Officer Vice President, Exploration	July 2019 February 2019 January 2019	May 2021 May 2021 May 2021
Rajesh Sharma	The Canadian Chrome Company <i>Ontario</i>	CSE	President, Chief Executive Officer and Director	February 2023	Present
	Fancamp Exploration Ltd. <i>British Columbia</i>	TSXV	President, Chief Executive Officer Director	September 2020 October 2020	Present Present
	EDM Resources Inc. <i>British Columbia</i>	TSXV	Director	October 2022	Present
Dale Burstall	UrbanGold Minerals Inc. <i>Canada</i>	TSXV	Director	February 2019	May 2021
	High Mountain Capital Corporation <i>Alberta</i>	TSXV (CPC)	Director and Secretary	May 2018	September 2019
	Standard Exploration Ltd. (formerly Southern Energy Corp.) <i>Alberta</i>	TSXV	Director	July 2013	December 2018
	Newton Energy Corporation (predecessor to Field Trip Health Ltd.) <i>Canada</i>	TSXV-NEX	Director and Secretary	February 2013	October 2020
	Marksmen Energy Inc. <i>Alberta</i>	TSXV	Director and Secretary	November 2011	Present
	Composite Alliance Group Inc. <i>Alberta</i>	TSXV	Director	March 2015	Present
	Stuve Gold Corp. <i>Alberta</i>	TSXV	Director	January 2018	Present
	High Mountain 2 Capital Corporation <i>Alberta</i>	TSXV	Director and Corporate Secretary	June 2020	Present
	Bocana Resources Corp. <i>Alberta</i>	TSXV	Corporate Secretary	September 2020	Present
	A2ZCryptocap Inc. <i>Alberta</i>	TSXV	Director	October 2021	Present
	M3 Capital Corp. <i>Alberta</i>	TSXV	Director	September 2021	Present
Vatche Tchakmakian	O2Gold Inc. <i>Quebec</i>	TSXV	Chief Financial Officer and Secretary	August 2017	January 2020
	UrbanGold Minerals Inc. <i>Quebec</i>	TSXV	Chief Financial Officer and Secretary	October 2019	May 2021

Audit Committee

Assuming completion of the Transaction, it is proposed that the Resulting Issuer will have an Audit Committee comprising Dale Burstall (Chair), Alastair Neill and Denis Pilon. Alastair Neill will be considered "independent" as that term is defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110"), whereas Dale Burstall and Denis Pilon will not be considered "independent". The Resulting Issuer will rely on the exemption set forth in section

6.1 of NI 52-110 from the requirement that all members of the Audit Committee be "independent". In accordance with section 6.1.1 of NI 52-110, a majority of the proposed members of the Audit Committee are not executive officers, employees or control persons of the Resulting Issuer or of an affiliate of the Resulting Issuer. All of the Audit Committee members are expected to be "financially literate" as defined in National Instrument 52-110 – *Audit Committees*. The Resulting Issuer will adopt a Charter of the Audit Committee in substantially the form set out at Appendix "L".

The mandate of the Audit Committee will be to assist the board of directors of the Resulting Issuer in fulfilling its oversight responsibilities relating to financial accounting, reporting and internal controls for the Resulting Issuer. The Audit Committee will be responsible for: conducting reviews and discussions with management and the external auditors relating to the audit and financial reporting; assessing the integrity of internal controls and financial reporting procedures; ensuring implementation of internal controls and procedures; reviewing the quarterly and annual financial statements and management's discussion and analysis of the Resulting Issuer; selecting and monitoring the independence, performance and remuneration of the external auditors; oversight of all disclosure relating to financial information; and pre-approving any non-audit services to be provided to the Resulting Issuer by any external auditors and the fees for those services. The Audit Committee will also be responsible for reviewing and following the procedures established in the Resulting Issuer's codes, policies and guidelines as may be established from time to time.

Relevant Education and Experience

All the proposed members of the Audit Committee are able to understand and interpret information related to financial statement analysis. Each of the proposed members of the Audit Committee has a general understanding of the accounting principles used by the Resulting Issuer to prepare its financial statements and will seek clarification from the Resulting Issuer's auditors, where required. Each of the proposed members of the Audit Committee also has direct experience in understanding accounting principles for private and reporting companies.

For additional details regarding the relevant experience of each member of the Resulting Issuer's Audit Committee, see the relevant biographical experiences for each of the Resulting Issuer's directors and officers under the heading "*Information Concerning the Resulting Issuer - Proposed Members of Management*".

Audit Committee Oversight

At no time since the commencement of Spitfyre's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of Spitfyre's most recently completed financial year, Spitfyre has not relied on the exemptions in Sections 2.4, 6.1.1(4), 6.1.1(5), or 6.1.1(6) or Part 8 of NI 52-110. Section 2.4 (De Minimis Non-Audit Services) provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Sections 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer), 6.1.1(5) (Events Outside Control of Member) and 6.1.1(6) (Death, Incapacity or Resignation) provide exemptions from the requirement that a majority of the members of Spitfyre's Audit Committee must not be executive officers, employees or control persons of Spitfyre or of an Affiliate of Spitfyre. Part 8 (Exemptions) permits a company to apply to a securities regulatory authority or regulator for an exemption from the requirements of NI 52-110 in whole or in part.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter attached hereto as Appendix "L" under the heading "*Approval of Audit and Remitted Non-Audit Services Provided by External Auditors*".

External Auditor Service Fees

In the following table, "audit fees" are fees billed by Spitfyre's external auditor for services provided in auditing Spitfyre's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of Spitfyre's financial statements. "Tax Fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees billed by Spitfyre's external auditor in the last two fiscal years, by category, are as follows:

Year Ended December 31	Audit Fees (\$)	Audit Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
2022	\$15,515	Nil	Nil	Nil
2021 ⁽¹⁾	\$12,000	Nil	Nil	Nil

(1) Spitfyre was incorporated on June 24, 2021.

Exemption

Spitfyre is relying on the exemption set forth in section 6.1 of National Instrument 52-110 – *Audit Committees*.

Corporate Governance

Board of Directors

Corporate governance relates to the activities of the Board of the Resulting Issuer, the members of which are elected by and are accountable to the shareholders of the Resulting Issuer and takes into account the role of the individual members of management who are appointed by the Board of the Resulting Issuer and who are charged with the day-to-day management of the Resulting Issuer. Canadian securities regulatory policy as reflected in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") requires that venture issuers like the Resulting Issuer must disclose on an annual basis their approach to corporate governance. National Policy 58-201 – *Corporate Governance Guidelines* provides regulatory staff guidance on preferred governance practices, although the guidelines are not prescriptive, other than for audit committees.

The proposed board of directors of the Resulting Issuer intends to exercise independent supervision over management through meetings of the independent directors at which non independent directors and management of the Resulting Issuer will not be present. All of the directors of the Resulting Issuer will be considered "independent" within the meaning of NI 58-101, except for Mathieu Stephens who will not be considered independent as she will hold the offices of President and Chief Executive Officer.

As not all the members of the board of directors of the Resulting Issuer will be independent within the meaning of NI 58-101, it is anticipated that the independent directors will hold regularly scheduled meetings at which the non-independent directors and management of the Resulting Issuer will not be present.

The board of directors of the Resulting Issuer plans to adopt a written mandate reflecting its role to (i) assume responsibility for the overall strategy and oversight of management of the Resulting Issuer, (ii) identify the principal risks and opportunities of the Resulting Issuer's business and ensuring the implementation of appropriate systems to manage these risks, (iii) manage the cash reserve, and (iv) ensure the integrity of the Resulting Issuer's internal financial controls and management information systems.

Orientation and Continuing Education

The Resulting Issuer will not have a formal orientation and education program for new members of the Board, the Resulting Issuer plans to provide such orientation and education on an ad hoc and informal basis. The proposed directors believe that these procedures will be a practical and effective approach in light of the Resulting Issuer's

particular circumstances, including the size of the Resulting Issuer and the number, experience and expertise of its proposed directors.

Ethical Business Conduct

As a responsible business and corporate citizen, the Resulting Issuer is committed to conducting its affairs with integrity, honesty, fairness and professionalism. In order to encourage and promote a culture of ethical business conduct, the board of directors of the Resulting Issuer will implement a Code of Business Conduct and Ethics which all employees, officers and directors will be expected to meet in the performance of their responsibilities.

The Resulting Issuer's reputation for honesty and integrity amongst its shareholders and other stakeholders is key to the success of its business. No employee or director will be permitted to achieve results through violation of laws or regulations, or through unscrupulous dealings.

Any director with a conflict of interest or who is capable of being perceived as being in conflict of interest with respect to the Resulting Issuer will be obligated to abstain from discussion and voting by the Board or any committee of the Board on any motion to recommend or approve the relevant agreement or transaction. The Board must comply with conflict of interest provisions of the CBCA.

Nomination of Directors

Responsibility for identifying new candidates to join the board of directors of the Resulting Issuer will belong to the board of directors of the Resulting Issuer as a whole. The board of directors of the Resulting Issuer will encourage all directors to participate in the process of identifying and recruiting new candidates. It is expected that the board of directors of the Resulting Issuer will have the responsibility of making recommendations to the board of directors of the Resulting Issuer with respect to the new nominees and for assessing directors on an on-going basis. While there are no specific criteria for board of directors of the Resulting Issuer membership, it is expected that the Resulting Issuer will seek to attract and retain directors with business knowledge and a particular expertise in mineral exploration and development or other areas of specialized knowledge (such as finance) which will assist in guiding the officers of the Resulting Issuer.

Compensation

Responsibility for determining compensation for the directors of the Resulting Issuer as well as the compensation of the Chief Executive Officer and other officers of the Resulting Issuer will belong to the board of directors of the Resulting Issuer as a whole. The board of directors of the Resulting Issuer's responsibilities in this regard will include: reviewing and approving the compensation of the Chief Executive Officer and other officers of the Resulting Issuer appointed by the board of directors of the Resulting Issuer; reviewing and approving the compensation policies, plans and programs for the Resulting Issuer's executive officers and other senior management, as well as its overall compensation plans and structure; reviewing and discussing with management and determining the disclosure to be included under the caption "Executive Compensation" for use in any annual reports, prospectuses, proxy circulars or information circulars; determining the compensation for directors; and administering the Compensation Plan and share compensation arrangements.

The board of directors of the Resulting Issuer will seek to ensure an objective process for determining compensation through compliance with the Board's conflicts of interest guidelines. The board of directors of the Resulting Issuer will review the various compensation elements both individually and in total to seek alignment with the Resulting Issuer's compensation program objectives. The board of directors will determine all executive pay, short-term incentives and long-term incentive options. For more information on the anticipated Resulting Issuer compensation practices please see "*Information Concerning the Resulting Issuer – Executive Compensation*".

Assessment

The board of directors of the Resulting Issuer will not use formal assessments given the stage of the Resulting Issuer's business and operations. However, the proposed directors believe that nomination to the board of directors of the Resulting Issuer is not open ended and that directorships should be reviewed carefully for alignment with the strategic

needs of the Resulting Issuer. To this extent, the proposed directors will constantly review (i) individual director performance and the performance of the board of directors as a whole, including processes and effectiveness; and (ii) the performance of the Chair, if any, of the board of directors of the Resulting Issuer. A more formal assessment process will be instituted if and when the board of directors of the Resulting Issuer considers it to be advisable.

Executive Compensation

The following section sets out the anticipated compensation for each of Mathieu Stephens, President and Chief Executive Officer, and Vatché Tchakmakian, Chief Financial Officer and Corporate Secretary, for the 12-month period after giving effect to the Transaction. The following disclosure is presented in accordance with Form 51-102F6 - *Statement of Executive Compensation*.

Compensation Discussion and Analysis

Compensation Governance

The directors of the Resulting Issuer will administer the Resulting Issuer's executive compensation program. The Board will ensure that total compensation paid to the Named Executive Officers is fair, reasonable and consistent with the Resulting Issuer's compensation philosophy.

Philosophy and Objectives

The proposed Board believes that the Resulting Issuer should provide a compensation package that is competitive and motivating, that will attract, hold and inspire qualified executives, that will encourage performance by executives to enhance the growth and development of the Resulting Issuer and that will balance the interests of the executives and the shareholders of the Resulting Issuer. Achievement of these objectives is expected to contribute to an increase in shareholder value.

Elements of Executive Compensation

It is expected that the Resulting Issuer will provide its executive officers with both fixed compensation, comprised of base salary, and performance-based variable incentive compensation, comprised of an annual cash bonus and long-term incentives in the form of awards under the Resulting Issuer Option Plan.

Base salary will be designed to provide income certainty and to attract and retain executives, and therefore will be based on the assessment of a number of factors such as current competitive market conditions, compensation levels within the peer group and factors particular to the executive, including individual performance, the scope of the executive's role with the Resulting Issuer and retention considerations. In addition to base salary, the Resulting Issuer may award executives with short term incentive awards in the form of annual cash bonuses. Annual cash bonuses are intended to provide short-term incentives to executives and to reward them for their yearly individual contribution and performance of personal objectives in the context of overall annual corporate performance. The amount will not be pre-established and will be at the discretion of the Board. While there will be no target amount for annual cash bonuses, the Board will review similar factors as those discussed above in relation to base salary. Long-term incentive compensation will be provided through the granting of options under the Resulting Issuer Option Plan. Equity incentive awards will be designed to motivate executives to achieve long-term sustainable business results, align their interest with those of shareholders and to attract and retain executives. Awards will be based on a variety of factors, such as the need to attract or retain key individuals, competitive market conditions and internal equity. Previous grants will be taken into account when considering new grants.

Risks

The proposed Board of the Resulting Issuer recognizes that certain elements of compensation could promote unintended inappropriate or excessive risk-taking behaviours; however, the Resulting Issuer will seek to ensure that executive compensation packages appropriately balance short-term incentives, in the form of base salaries, and long-term incentives, in the form of option-based awards. As a result of the factors discussed above, the proposed Board does not believe that its compensation policies and practices are reasonably likely to have a material adverse effect on the Resulting Issuer.

Named Executive Officers and directors of the Resulting Issuer will not be permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

Summary Compensation Table – Proposed Compensation

Upon the Effective Date, the Resulting Issuer will have two executive officers. The following table sets forth the proposed compensation for the Resulting Issuer's President and Chief Executive Officer, and Chief Financial Officer and Corporate Secretary for the 12 month period after giving effect to the Transaction:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Mathieu Stephens <i>President, Chief Executive Officer and Director</i>	2024	150,000	-	-(1)	-	-	-	-	150,000
Vatché Tchakmakian <i>Chief Financial Officer and Corporate Secretary</i>	2024	-	-	-(1)	-	-	-	100,000(2)	100,000

Notes:

- (1) As of the date of this Filing Statement, future option-based awards have not been determined.
- (2) Mr. Tchakmakian will allocate approximately 50% of his time to the Resulting Issuer.

Incentive Plan Awards

Share-based Awards

During the 12 month period after giving effect to the Transaction, it is not expected that the Resulting Issuer will grant any share-based awards, being awards granted under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

Option-based Awards

The Resulting Issuer intends to grant option-based awards, being awards granted under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features, by granting options to its directors, officers and employees, however, the timing, amounts, exercise price and recipients of such issuances have not yet been determined. Such options are expected to be granted under the Resulting Issuer Option Plan which will be assumed by the Resulting Issuer. Please see the discussion under the heading "*Information Concerning Spitfyre – Stock Option Plan*".

Pension Disclosure

The Resulting Issuer will not provide a pension to its directors or Named Executive Officers.

Termination and change of control benefits

The Named Executive Officers, Mathieu Stephens and Vatché Tchakmakian, will not be entering into new agreements with the Resulting Issuer. For a description of the termination and change of control benefits contained in the existing agreements, refer to the discussion under the headings in the section entitled "*Information Concerning NeoTerrex – Executive Compensation – Termination and Change of Control Benefits*".

Director Compensation

Other than to Mr. Stephens as set out above under the heading "*Information Concerning the Resulting Issuer – Executive Compensation – Summary Compensation Table – Proposed Compensation*", it is not expected that any director of the Resulting Issuer will receive any compensation in the 12 month period after giving effect to the Transaction for services rendered to the Resulting Issuer and its subsidiaries, other than options granted from time to time.

It is expected that the Resulting Issuer will grant options to the directors of the Resulting Issuer from time to time under the Resulting Issuer Option Plan. The Resulting Issuer may pay directors' fees to the directors of the Resulting Issuer in the future.

Indebtedness of Directors and Officers

No director or officer of Spitfyre or NeoTerrex, no proposed director or officer of the Resulting Issuer, no individual who at any time during the most recently completed financial year of Spitfyre or NeoTerrex was a director or officer of Spitfyre or NeoTerrex, nor any Associate of such individuals is indebted to Spitfyre or NeoTerrex, or is indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Spitfyre or NeoTerrex.

Investor Relations Arrangements

No written or oral agreement or understanding has been reached with any Person to provide any promotional or investor relations services for the Resulting Issuer.

Security Based Compensation

Security Based Compensation Plans

The Spitfyre Option Plan will continue to be the stock option plan of the Resulting Issuer. See information under the heading "*Information Concerning Spitfyre – Stock Option Plan*".

Options to Purchase Securities

The following table sets out certain information in respect of options to purchase securities of the Resulting Issuer that will be held upon completion of the Transaction:

Category	Number of Resulting Issuer Shares Reserved Under Option	Exercise Price per Resulting Issuer Share	Expiry Date
All proposed executive officers of the Resulting Issuer, as a group	Nil	N/A	N/A

Category	Number of Resulting Issuer Shares Reserved Under Option	Exercise Price per Resulting Issuer Share	Expiry Date
All proposed directors of the Resulting Issuer who are not also officers, as a group	Nil	N/A	N/A
All officers of all subsidiaries of the Resulting Issuer, as a group	Nil	N/A	N/A
All directors of all subsidiaries of the Resulting Issuer who are not also officers of any subsidiary, as a group	Nil	N/A	N/A
All other employees of the Resulting Issuer, as a group	Nil	N/A	N/A
All other employees of subsidiaries of Resulting Issuer, as a group	Nil	N/A	N/A
All consultants of the Resulting Issuer, as a group	Nil	N/A	N/A
Any other Person or Company ⁽¹⁾	125,000	\$0.20	June 17, 2025

Notes:

1. Upon completion of the Transaction, Hampton Securities Limited will hold Spitfyre Agent Options to purchase a total of 125,000 Resulting Issuer Shares, exercisable at a price of \$0.20 per Resulting Issuer Share until June 17, 2025.

Escrow Securities

As of the date hereof, none of the NeoTerrex Shares are escrowed or subject to a pooling agreement. To the knowledge of Spitfyre and NeoTerrex as of the date of this Filing Statement, the following table lists the names and municipalities of residence of the holders of escrowed securities, the number of securities of each class of securities of Spitfyre or NeoTerrex currently held in escrow and, in the case of the Resulting Issuer, anticipated to be held in escrow after giving effect to the Transaction, and the percentage that number represents of the outstanding securities of that class.

Name and Municipality of Residence of Securityholder	Designation of Class	Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction and the Minimum Private Placements		After Giving Effect to the Transaction and the Maximum Private Placements	
		Number of Securities held in Escrow	Percentage of Class ⁽¹⁾	Number of Securities to be held in Escrow	Percentage of Class ⁽²⁾	Number of Securities to be held in Escrow	Percentage of Class ⁽²⁾
Matthew McMillan <i>Oakville, Ontario</i>	Spitfyre Shares/Resulting Issuer Shares	900,000 ⁽³⁾	15.65%	900,000 ⁽³⁾	1.24% ⁽³⁾	900,000 ⁽³⁾	1.10% ⁽³⁾
Simon Sokol <i>Toronto, Ontario</i>	Spitfyre Shares/Resulting Issuer Shares	200,000 ⁽³⁾	3.48%	200,000 ⁽³⁾	0.28% ⁽³⁾	200,000 ⁽³⁾	0.25% ⁽³⁾
Ralph Garcea <i>Caledon, Ontario</i>	Spitfyre Shares/Resulting Issuer Shares	800,000 ⁽³⁾	13.91%	800,000 ⁽³⁾	1.10% ⁽³⁾	800,000 ⁽³⁾	0.98% ⁽³⁾
Ben Sokol <i>Toronto, Ontario</i>	Spitfyre Shares/Resulting Issuer Shares	800,000 ⁽³⁾	13.91%	800,000 ⁽³⁾	1.10% ⁽³⁾	800,000 ⁽³⁾	0.98% ⁽³⁾
Gordon McMillan <i>Toronto, Ontario</i>	Spitfyre Shares/Resulting Issuer Shares	481,000 ⁽³⁾	8.37%	481,000 ⁽³⁾	0.66% ⁽³⁾	481,000 ⁽³⁾	0.59% ⁽³⁾
Bülent Pakdil <i>Toronto, Ontario</i>	Spitfyre Shares/Resulting Issuer Shares	800,000 ⁽³⁾	13.91%	800,000 ⁽³⁾	1.10% ⁽³⁾	800,000 ⁽³⁾	0.98% ⁽³⁾
Pat DiCapo <i>Toronto, Ontario</i>	Spitfyre Shares/Resulting Issuer Shares	800,000 ⁽³⁾	13.91%	800,000 ⁽³⁾	1.10% ⁽³⁾	800,000 ⁽³⁾	0.98% ⁽³⁾

Name and Municipality of Residence of Securityholder	Designation of Class	Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction and the Minimum Private Placements		After Giving Effect to the Transaction and the Maximum Private Placements	
		Number of Securities held in Escrow	Percentage of Class ⁽¹⁾	Number of Securities to be held in Escrow	Percentage of Class ⁽²⁾	Number of Securities to be held in Escrow	Percentage of Class ⁽²⁾
Total Escrowed Spitfyre Shares / Resulting Issuer Shares		4,781,000	83.15%	4,781,000	6.58%	4,781,000	5.87%
Mathieu Stephens <i>Ottawa, Ontario</i>	NeoTerrex Shares/Resulting Issuer Shares	Nil	Nil	3,600,000 ⁽⁴⁾	4.96% ⁽⁴⁾	3,600,000 ⁽⁴⁾	4.42% ⁽⁴⁾
Vatché Tchakmakian <i>Montreal, Quebec</i>	NeoTerrex Shares/Resulting Issuer Shares	Nil	Nil	640,000 ⁽⁴⁾	0.88% ⁽⁴⁾	640,000 ⁽⁴⁾	0.79% ⁽⁴⁾
Dale Burstall <i>Calgary, Alberta</i>	NeoTerrex Shares/Resulting Issuer Shares	Nil	Nil	720,000 ⁽⁴⁾	0.99% ⁽⁴⁾	720,000 ⁽⁴⁾	0.88% ⁽⁴⁾
Alastair Neill <i>Burlington, Ontario</i>	NeoTerrex Shares/Resulting Issuer Shares	Nil	Nil	200,000 ⁽⁴⁾	0.28% ⁽⁴⁾	200,000 ⁽⁴⁾	0.25% ⁽⁴⁾
Rajesh Sharma <i>Montreal, Quebec</i>	NeoTerrex Shares/Resulting Issuer Shares	Nil	Nil	150,000 ⁽⁴⁾⁽⁵⁾	0.21% ⁽⁴⁾⁽⁵⁾	150,000 ⁽⁴⁾⁽⁵⁾	0.18% ⁽⁴⁾⁽⁵⁾
Denis Pilon <i>Carp, Ontario</i>	NeoTerrex Shares/Resulting Issuer Shares	Nil	Nil	Nil	Nil	Nil	Nil
Fancamp Exploration Ltd. <i>Burnaby, British Columbia</i>	NeoTerrex Shares/Resulting Issuer Shares	Nil	Nil	10,709,777 ⁽⁴⁾	14.75% ⁽⁴⁾	12,224,100 ⁽⁴⁾	15.00% ⁽⁴⁾
HTS Holdings Inc. <i>Carp, Ontario</i>	NeoTerrex Shares/Resulting Issuer Shares	Nil	Nil	10,709,777 ⁽⁴⁾	14.75% ⁽⁴⁾	12,224,100 ⁽⁴⁾	15.00% ⁽⁴⁾
Total Escrowed NeoTerrex Shares/Resulting Issuer Shares		Nil	Nil	26,729,554	36.81%	29,758,200	36.52%

Notes:

- As of the date hereof, there are 5,750,000 Spitfyre Shares outstanding and 59,744,000 NeoTerrex Shares outstanding.
- Upon completion of the Transaction, it is anticipated that there will be 72,605,111 Resulting Issuer Shares outstanding, assuming completion of the Minimum Private Placements, and 81,494,000 Resulting Issuer Shares outstanding, assuming completion of the Maximum Private Placements.
- These CPC Escrowed Shares are escrowed pursuant to Exchange Policy 2.4, as described below under the heading "*CPC Escrow Agreement*".
- These Surplus Escrowed Shares are escrowed pursuant to Exchange Policy 5.4, as described below under the heading "*Qualifying Transaction Escrow*". Pursuant to Exchange Policy 5.4, all Principal Securities (as defined by Exchange Policy 5.4) upon completion of the Transaction are subject to escrow.
- Resulting Issuer Shares to be owned by Mr. Sharma's spouse.
- The above table assumes that the applicable persons do not acquire any Subscription Receipts under the Private Placements.

Qualifying Transaction Escrow

Resulting Issuer securities to be issued pursuant to the Transaction to principals of the Resulting Issuer will be subject to escrow in accordance with Exchange policies. Upon Completion of the Qualifying Transaction, such persons will be required to place their Resulting Issuer securities (the "**Surplus Escrowed Shares**") into escrow pursuant to a Tier 2 Surplus Escrow Agreement (the "**Surplus Escrow Agreement**"). Escrowed Resulting Issuer securities may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the written consent of the Exchange. An entity, controlled by one or more persons, that holds escrowed Resulting Issuer securities may not participate in a transaction that results in a change of its control or a change in the economic exposure of the persons to the risks of holding escrowed Resulting Issuer securities.

The Surplus Escrow Agreement provides that 5% of the escrowed securities will be released from escrow upon issuance of the Final QT Exchange Bulletin, an additional 5% will be released on the date that is 6 months following the date of the Final QT Exchange Bulletin, an additional 10% will be released on the date that is 12 months following the date of the Final QT Exchange Bulletin, an additional 10% will be released on the date that is 18 months following the date of the Final QT Exchange Bulletin, an additional 15% will be released on the date that is 24 months following the date of the Final QT Exchange Bulletin, an additional 15% will be released on the date that is 30 months following the date of the Final QT Exchange Bulletin and an additional 40% will be released on the date that is 36 months

following the date of the Final QT Exchange Bulletin. Transfers of escrowed securities where escrowed Resulting Issuer Shares are to be held by a person that is not an individual, such person will be required to agree not engage in any transaction that would result in the change of control of such person while its securities of the Resulting Issuer are held in escrow. Any such person will be required to further undertake to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities which could reasonably result in a change of control of the person. All holders of escrowed securities must obtain Exchange consent to transfer securities held in escrow, other than in specified circumstances set out in the applicable escrow agreement.

CPC Escrow Agreement

In accordance with Exchange Policy 2.4, upon completion of the listing of Spitfyre on the Exchange, the Spitfyre Shares set out opposite the names of the first seven Persons indicated in the above table in the column "*Prior to Giving Effect to the Transaction*" (the "**CPC Escrowed Shares**") were escrowed under the CPC Escrow Agreement. The CPC Escrowed Shares are subject to an eighteen (18) month escrow period and are scheduled to be released from escrow as follows:

Percentage of Escrowed Shares Released from Escrow	Release Date
25%	Date of Final QT Exchange Bulletin
25%	6 months from Final QT Exchange Bulletin
25%	12 months from Final QT Exchange Bulletin
25%	18 months from Final QT Exchange Bulletin

The CPC Escrowed Shares held pursuant to the CPC Escrow Agreement may not be sold, assigned, transferred, redeemed, surrendered or otherwise dealt with in any manner except as provided by the CPC Escrow Agreement. The CPC Escrowed Shares may be transferred within escrow to an individual who is a director or senior officer of Spitfyre or a material operating subsidiary of Spitfyre, provided that certain requirements of the Exchange are met, including that the new proposed transferee agrees to be bound by the terms of the CPC Escrow Agreement. In the event of the bankruptcy of a holder of CPC Escrowed Shares, the CPC Escrowed Shares held by such holder may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such CPC Escrowed Shares provided that certain prescribed Exchange requirements are met. The CPC Escrowed Shares may be transferred within escrow to a Person or Company that, before the transfer, holds greater than 20% of the voting rights attached to Spitfyre Shares or after the transfer will hold more than 10% of the voting rights attached to Spitfyre Shares and has the right to elect or appoint one or more directors or senior officers of Spitfyre or its material operating subsidiaries. CPC Escrowed Shares may also be transferred within escrow by a holder of CPC Escrowed Shares to a registered retirement savings plan ("**RRSP**") or a registered retirement income fund ("**RRIF**"), provided that the Exchange receives proper notice of the same, the holder of such CPC Escrowed Shares is the sole beneficiary of the RRSP or RRIF and the trustee of the RRSP or RRIF agrees to be bound by the terms of the CPC Escrow Agreement. In the event of the death of a holder of CPC Escrowed Shares, the CPC Escrowed Shares of such deceased holder will be released to his legal representatives.

CPC Escrowed Shares that were purchased prior to the CPC initial public offering at a discount to the initial public offering price by Related Parties (as defined in the Manual) of Spitfyre may be cancelled by Spitfyre and the escrow agent pursuant to the CPC Escrow Agreement. In addition, any CPC Escrowed Shares that have not been released pursuant to the CPC Escrow Agreement on the 10th anniversary of the date of delisting from the Exchange must immediately be cancelled.

Seed Share Resale Restrictions

In addition to the Surplus Escrowed Shares and CPC Escrowed Shares indicated in the table above under "*Escrow Securities*", certain non-principals will be subject to Value Security Escrow pursuant to the Seed Share Resale Restrictions. In accordance with the Seed Share Resale Restrictions, an aggregate of 2,900,000 NeoTenex Shares/Resulting Issuer Shares (the "**Value Security Escrowed Shares**") will be subject to restrictions. Such Value Security Escrowed Shares will represent, assuming the completion of the Transaction and the Minimum Private Placements, approximately 3.99% of the issued and outstanding Resulting Issuer Shares, and assuming the completion of the Transaction and the Maximum Private Placements, approximately 3.56% of the issued and outstanding Resulting Issuer Shares.

These shares will be released as described below. Such number may be subject to change in accordance with the conditional approval of the Exchange and the listing of the Resulting Issuer Shares. The Value Security Escrowed Shares are subject to a three-year escrow period and are scheduled to be released from escrow as follows:

Percentage of Escrowed Shares Released from Escrow	Release Date
10%	Date of Final QT Exchange Bulletin
15%	6 months from Final QT Exchange Bulletin
15%	12 months from Final QT Exchange Bulletin
15%	18 months from Final QT Exchange Bulletin
15%	24 months from Final QT Exchange Bulletin
15%	30 months from Final QT Exchange Bulletin
15%	36 months from Final QT Exchange Bulletin

In the event of the death of a holder of Value Security Escrowed Shares, the Value Security Escrowed Shares of such deceased holder will be released to his or her legal representatives.

Other Resale Restrictions

It is anticipated that, as a condition to the closing of the Private Placements, the proposed senior officers and directors of the Resulting Issuer will enter into the Private Placement Lock-Up Agreements whereby they will agree not to dispose of their Resulting Issuer Shares for a period of 180 days following the Private Placement Date unless they first obtain the written consent of the Agents, subject to certain exceptions, as follows:

Designation of class	Aggregate number of securities subject to resale restrictions	Percentage of class ⁽¹⁾		Expiry date of the resale restrictions
		Assuming Completion of the Minimum Private Placements	Assuming Completion of the Maximum Private Placements	
Common Shares	5,310,000	7.31%	6.52%	The date that is 180 days from the closing date of the Qualifying Transaction

Note:

1. Upon completion of the Transaction, it is anticipated that there will be 72,605,111 Resulting Issuer Shares outstanding, assuming completion of the Minimum Private Placements, and 81,494,000 Resulting Issuer Shares outstanding, assuming completion of the Maximum Private Placements.

Auditor, Transfer Agent and Registrar

Auditor

It is currently expected that Raymond Chabot Grant Thornton LLP, the current auditors of NeoTerrex, will be appointed the auditors of the Resulting Issuer upon completion of the Transaction and upon resignation of MNP LLP as the auditors of the Resulting Issuer. Raymond Chabot Grant Thornton LLP are located at 1000 Germain Street, Val-d'Or, QC, J9P 5T6.

Transfer Agent and Registrar

It is expected that Computershare Trust Company of Canada will serve as the Resulting Issuer's registrar and transfer agent upon completion of the Transaction. It is expected that transfers of the securities of the Resulting Issuer may be recorded at registers maintained by Computershare in Montreal, Quebec, Calgary, Alberta or Toronto, Ontario.

GENERAL MATTERS

Agent Relationship

iA Private Wealth Inc. and Canaccord Genuity Corp. acted as the Agents in connection with the Private Placements. In addition to a cash commission payable to the Agents equal to 7.5% of the gross proceeds from the sale of the NeoTerrex Subscription Receipts and of the Spitfyre CS Subscription Receipts (or 3% of the gross proceeds from the sale of the NeoTerrex Subscription Receipts and of the Spitfyre CS Subscription Receipts to purchasers identified by NeoTerrex or Spitfyre to the Agents up to maximum gross proceeds of \$750,000), 50% of which was paid on the Private Placement Date and 50% of which is payable upon the release of the Escrowed Funds, the Agents will receive the NeoTerrex CS Broker Warrants, NeoTerrex FT Broker Warrants and the Spitfyre CS Broker Warrants upon satisfaction of the Escrow Release Conditions as partial consideration for their services in connection with the Private Placements. Spitfyre and its directors and officers have no relationship with the Agents.

Sponsor

Sponsorship for the Qualifying Transaction is required by Exchange Policy 2.2 unless an exemption from the requirements is granted to the Resulting Issuer by the Exchange. The Resulting Issuer has applied for, and the Exchange has provided the Resulting Issuer with, an exemption from the sponsorship requirement in accordance with Exchange Policies.

Neither Spitfyre nor NeoTerrex has entered into any agreement with any registrant to provide sponsorship or corporate finance services, either now or in the future.

Experts

Names and Interest of Experts and Others

Alain-Jean Beauregard, P. Geo. (an independent "Qualified Person", as defined in NI 43-101) and Daniel Gaudreault, P. Eng. (an independent "Qualified Person", as defined in NI 43-101) of Geologica Groupe-Conseil Inc. prepared the Mount Discovery Technical Report. Mr. Beauregard and Mr. Gaudreault are not currently, nor are they expected to be elected, appointed or employed as, a director, officer or employee of Spitfyre, NeoTerrex or the Resulting Issuer, or of any Associate or Affiliate of the Resulting Issuer.

MNP LLP is the auditor of Spitfyre and is independent of Spitfyre within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Raymond Chabot Grant Thornton LLP is the auditor of NeoTerrex and is independent of NeoTerrex within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

No Person or Company whose profession or business gives authority to a statement made by the Person or Company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds any beneficial interest, direct or indirect, in any securities or other property of Spitfyre, NeoTerrex or the Resulting Issuer or of an Associate or Affiliate of Spitfyre, NeoTerrex or the Resulting Issuer and no such Person is expected to be elected, appointed or employed as a director, senior officer or employee of Spitfyre, NeoTerrex or the Resulting Issuer or of an Associate or Affiliate of Spitfyre, NeoTerrex or the Resulting Issuer and no such person is a Promoter of Spitfyre, NeoTerrex or the Resulting Issuer or an Associate or Affiliate of Spitfyre, NeoTerrex or the Resulting Issuer.

Other Material Facts

There are no material facts about Spitfyre, NeoTerrex, the Resulting Issuer or the Transaction that are not disclosed under the preceding items and are necessary in order for this Filing Statement to contain full, true and plain disclosure of all material facts relating to Spitfyre, NeoTerrex and the Resulting Issuer, assuming completion of the Transaction.

Board Approval

The Board of Spitfyre has approved this Filing Statement.

APPENDIX "A"
**AUDITED FINANCIAL STATEMENTS OF SPITFYRE CAPITAL INC. FOR THE YEAR ENDED
DECEMBER 31, 2022 AND FOR THE PERIOD FROM THE DATE OF INCORPORATION ON JUNE 24,
2021 TO DECEMBER 31, 2021**

(See attached)

Spitfyre Capital Inc.
(A Capital Pool Company)

Financial Statements

For the year ended December 31, 2022 and for the period from

June 24, 2021 (date of incorporation) to December 31, 2021

(In Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Spitfyre Capital Inc:

Opinion

We have audited the financial statements of Spitfyre Capital Inc (the "Corporation"), which comprise the statements of financial position as at December 31, 2022 and December 31, 2021, the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2022 and for the period from the date of incorporation (June 24, 2021) to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2022 and December 31, 2021, and its financial performance and its cash flows for the year ended December 31, 2022 and for the period from June 24, 2021 to December 31, 2021 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 Corporation 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.

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. We have determined that there are no key audit matters to communicate in our report.

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 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.

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 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.

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

Toronto, Ontario
April 26, 2023

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

Spitfyre Capital Inc.
Statements of Financial Position
As at December 31,

(in Canadian Dollars)

Assets	December 31, 2022		December 31, 2021	
Cash held in trust	\$	526,834	\$	436,675
	\$	526,834	\$	436,675

Liabilities				
Accounts payable and accrued liabilities	\$	41,806	\$	59,663

Shareholders' Equity				
Share capital, net of issuance costs (Note 3)	\$	638,750	\$	446,500
Contributed surplus (Note 3)	\$	15,800	\$	-
Deficit	\$	(169,522)	\$	(69,488)
	\$	485,028	\$	377,012
	\$	526,834	\$	436,675

Approved by the Board

“Matthew McMillan”

 Matthew McMillan
 Director

“Simon Sokol”

 Simon Sokol
 Director

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

Spitfyre Capital Inc.
Statements of Loss and Comprehensive Loss

For the year ended December 31, 2022 and the period from June 24, 2021
(date of incorporation) to December 31, 2021

(in Canadian Dollars)

	For the year ended December 31, 2022	For the period ended December 31, 2021
Expenses		
Professional and other fees	\$ 79,196	\$ 69,488
Transfer Agent and filing fees	\$ 20,838	Nil
Net loss and comprehensive loss for the period	\$ (100,034)	\$ (69,488)
Net loss per share – basic and diluted	(0.02)	(0.02)
Weighted average shares outstanding – basic and diluted	5,174,658	4,283,684

The accompanying notes are an integral part of these financial statements

Spitfyre Capital Inc.
Statements of Cash Flows

For the year ended December 31, 2022 and the period from June 24, 2021 (date of incorporation) to December 31, 2021

(in Canadian Dollars)

	For the year ended December 31, 2022	From the date of incorporation to December 31, 2021
Cash provided by (used in)		
Operating		
Net loss for the period	\$ (100,034)	\$ (69,488)
Change in accounts payable and accrued liabilities	\$ (17,857)	\$ 59,663
Cash used in operating activities	\$ (117,891)	\$ (9,825)
Financing		
Share issuance, net of issuance costs	\$ 208,050	\$ 446,500
Cash, beginning of period	\$ 436,675	-
Net change in cash	\$ 90,159	\$ 436,675
Cash, end of year/period	\$ 526,834	\$ 436,675

The accompanying notes are an integral part of these financial statements

Spitfyre Capital Inc.**Statements of Changes in Shareholders' Equity**

For the year ended December 31, 2022 and the period from June 24, 2021
(date of incorporation) to December 31, 2021
(in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity
Balance, June 24, 2021	-	-	-	-	-
Share issuance, net of issuance costs (Note 3)	4,500,000	\$ 446,500	-	-	\$ 446,500
Net loss for the period	-	-	-	\$ (69,488)	\$ (69,488)
Balance, December 31, 2021	4,500,000	\$ 446,500	-	\$ (69,488)	\$ 377,012
Share issuance, net of issuance costs (Note 3)	1,250,000	\$ 208,050	-	-	\$ 208,050
Agent's Options (Note 3)	-	(15,800)	15,800	-	-
Net loss for the year	-	-	-	\$ (100,034)	\$ (100,034)
Balance, December 31, 2022	5,750,000	\$ 638,750	\$ 15,800	\$ (169,522)	\$ 485,028

The accompanying notes are an integral part of these financial statements

Spitfyre Capital Inc.
Notes to the Financial Statements

For the year ended December 31, 2022 and the period from June 24, 2021 (date of incorporation) to December 31, 2021

(in Canadian Dollars)

1. INCORPORATION AND NATURE OF BUSINESS

Spitfyre Capital Inc. (the “Corporation”) was incorporated under the *Business Corporations Act (Ontario)* on June 24, 2021. The Corporation has completed its Initial Public Offering to be classified as a Capital Pool Company as defined under Policy 2.4 – *Capital Pool Companies* (“Policy 2.4”) of the TSX Venture Exchange (the “Exchange”). The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as defined in Policy 2.4 of the Exchange (“Qualifying Transaction”). The Corporation has not commenced commercial operations and has no assets other than cash held in trust. Given the nature of the activities, no separate segmented information is reported. The Corporation’s continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders’ approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception of reasonable general and administrative expenses, not exceeding \$3,000 per month. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

The head office and the registered head office of the Corporation is located at 100 King Street West, Suite 1600, Toronto, Ontario, Canada, M5X 1G5.

On April 26, 2023, the board of directors of the Corporation (the “Board of Directors”) approved the financial statements for the year ended December 31, 2022.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Spitfyre Capital Inc.
Notes to the Financial Statements

For the year ended December 31, 2022 and the period from June 24, 2021 (date of incorporation) to December 31, 2021

(in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. A key source of measurement uncertainty is stock based compensation. Determining the fair value of equity-settled stock-based compensation awards at the grant date requires estimating the expected term of stock options, the expected volatility of the Corporation’s stock, the expected dividends and the number of stock-based awards that are expected to be forfeited.

Basis of Presentation

The financial statements are presented in Canadian dollars (“CAD”), which is the Corporation’s functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss (“FVTPL”), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

Spitfyre Capital Inc.
Notes to the Financial Statements

For the year ended December 31, 2022 and the period from June 24, 2021 (date of incorporation) to December 31, 2021

(in Canadian Dollars)

Share-based Compensation

Equity-settled share based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. Share options are measured at the fair value of each tranche on the grant date and are recognized in their respective vesting period using the Corporation's expected forfeiture rate. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

Cash held in trust

Cash held in trust is comprised of cash held in trust with the Corporation's lawyers.

Financial Instruments

Recognition

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value (either through other comprehensive loss or through profit or loss), and (ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive loss.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash held in trust is classified as assets at fair value and any period change in fair value is recorded in profit or loss.

Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Spitfyre Capital Inc.
Notes to the Financial Statements

For the year ended December 31, 2022 and the period from June 24, 2021 (date of incorporation) to December 31, 2021

(in Canadian Dollars)

Financial Instruments - continued

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive loss (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash held in trust is a level 1 financial instrument measured at fair value on the statement of financial position.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Spitfyre Capital Inc.
Notes to the Financial Statements

For the year ended December 31, 2022 and the period from June 24, 2021
(date of incorporation) to December 31, 2021

(in Canadian Dollars)

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

3. SHARE CAPITAL

Authorized

Unlimited common shares

Issued

4,500,000 common shares	4,500,000	\$ 450,000
Share issuance costs		(3,500)
Balance, December 31, 2021	4,500,000	\$ 446,500
1,250,000 common shares	1,250,000	\$ 250,000
Share issuance costs		(41,950)
Agent's options		(15,800)
Balance, December 31, 2022	5,750,000	\$ 638,750

Filing of Prospectus and Initial Public Offering

On May 18th, the Corporation filed an amended and restated prospectus to offer to sell and issue a minimum of 1,125,000 common shares ("Common Shares") to a maximum of 1,250,000 Common Shares at a price of \$0.20 per Common Share for gross proceeds of \$225,000 to \$250,000, respectively (the "Offering"). In connection with the Offering, the Corporation entered into an agency agreement with Hampton Securities Limited (the "Agent"). On June 17th, 2022 the Corporation completed the maximum Offering, issuing 1,250,000 Common Shares at \$0.20 per Common Share for gross proceeds of \$250,000. In completing the Offering, the Corporation incurred \$25,000 in commissions for the Agent and \$16,950 in other reimbursable costs, for total issue costs of \$41,950.

Spitfyre Capital Inc.
Notes to the Financial Statements

For the year ended December 31, 2022 and the period from June 24, 2021 (date of incorporation) to December 31, 2021

(in Canadian Dollars)

Escrowed Shares

During the period ended December 31, 2021, the Corporation issued 4,500,000 Common Shares of the Corporation at \$0.10 per Common Share for gross proceeds of \$450,000 and incurred \$3,500 in share issuance costs.

All Common Shares acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow. 4,781,000 shares have been escrowed at December 31, 2022.

All Common Shares and Common Shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued, releasing from escrow as follows:

Date of Final Exchange Bulletin	25%
Date 6 months following Final Exchange Bulletin	25%
Date 12 months following Final Exchange Bulletin	25%
Date 18 months following Final Exchange Bulletin	25%

Options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding Common Shares. They are non-transferable and the exercise price of each option granted under the plan shall be determined by the Board of Directors. Options may be granted for a maximum term of ten years from the date of the grant. Options expire not later than 12 months after the optionee ceases to be a director, officer or technical consultant of the Corporation, subject to the expiry date of the option.

Any Common Shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions as described above for escrowed shares.

The stock option plan is subject to regulatory approval.

Agent's Options

In connection with the Offering, the company granted Agent's Options (the "Agent's Options") which entitles the Agent to purchase in aggregate up to 125,000 Common Shares at an exercise price \$0.20 per Common Share. The Agent's Options will expire 36 months from the date the Common Shares were listed on the TSX Venture. The Agent's Options were valued at \$15,800 estimated using the Black-Scholes pricing model with the following

Spitfyre Capital Inc.
Notes to the Financial Statements

For the year ended December 31, 2022 and the period from June 24, 2021 (date of incorporation) to December 31, 2021

(in Canadian Dollars)

assumptions: share price of \$0.20, estimated life of three years, risk-free interest rate of 3.24%, volatility of 100%, and nil forecasted dividend yield.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of Common Shares may only be used to identify and evaluate assets or businesses for future investment, with the exception of reasonable general and administrative expenses, not exceeding \$3,000 per month. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange Policy 2.4.

Risk Disclosures and Fair Values

The Corporation's financial instruments carried at amortized cost consist of accounts payable and accrued liabilities. The fair value of these financial instruments approximate their carrying value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

5. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, 281,000 Common Shares were issued at a price of \$0.20 per share for gross proceeds of \$56,200 to directors and officers of the Corporation as part of the IPO.

During the period ended December 31, 2021, 2,900,000 Common Shares were issued at a price of \$0.10 per share for gross proceeds of \$290,000 to directors and officers of the Corporation.

There was no remuneration paid to key management personnel during the year ended December 31, 2022 and no other related party transactions have occurred during the year.

Spitfyre Capital Inc.
Notes to the Financial Statements

For the year ended December 31, 2022 and the period from June 24, 2021 (date of incorporation) to December 31, 2021

(in Canadian Dollars)

6. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.5% and the Corporation's effective income tax expense is as follows:

	2022	2021
Net loss for the year/period	\$100,034	\$69,488
Expected income tax recovery	(26,509)	(18,414)
Share issuance costs	(11,117)	(928)
Deferred tax assets not recognized	37,626	19,342
	-	-

At December 31, 2022, the Corporation has non – capital losses for income tax purposes of approximately \$174,592 which can be carried forward to be applied against future taxable income. These losses expire to the extent unutilized against future taxable income in 2041 and 2042. The Corporation has not recorded deferred tax assets related to these unused carry forward losses as it is not probable that future taxable profits will be available against which these can be deducted.

APPENDIX "B"
MANAGEMENT'S DISCUSSION AND ANALYSIS OF SPITFYRE CAPITAL INC. FOR THE YEAR ENDED DECEMBER 31, 2022 AND FOR THE PERIOD FROM THE DATE OF INCORPORATION ON JUNE 24, 2021 TO DECEMBER 31, 2021

(See attached)

Spitfyre Capital Inc.
(A Capital Pool Company)

Management's Discussion and Analysis
*For the year ended December 31, 2022 and the
period from June 24, 2021 (date of
incorporation) to December 31, 2021*

April 26, 2023

Spitfyre Capital Inc.
Management's Discussion and Analysis

For the year ended December 31, 2022 and for the period from June 24, 2021 (date of incorporation) to December 31, 2021

The following management's discussion and analysis ("MD&A") should be read in conjunction with the Corporation's financial statements and notes thereto for the year ended December 31, 2022 and for the period from June 24, 2021 (date of incorporation) to December 31, 2021. Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

This MD&A was prepared by management of Spitfyre Capital Inc. ("the Corporation") and was approved by the board of directors of the Corporation on April 26, 2023. All amounts are in Canadian dollars unless otherwise stated.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", and similar words and phrases, used by any of the Corporation's management, are intended to identify forward-looking statements. Such statements reflect the Corporation's forecasts, estimates and expectations, as they relate to the Corporation's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements are made as at the date of this MD&A and the Corporation does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Description of the Business

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on June 24, 2021 and is classified as a Capital Pool Company as defined under Policy 2.4 – *Capital Pool Companies* ("Policy 2.4") of the TSX Venture Exchange (the "Exchange"). The Corporation has no assets other than cash. The Corporation proposes to identify and evaluate potential acquisitions or businesses, and once identified and evaluated, to negotiate an acquisition or participation subject to regulatory and, if required, shareholders' approval.

The Corporation's registered head office is located at 100 King Street West, Suite 1600, Toronto, Ontario, Canada, M5X 1G5.

Selected Financial Information

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on June 24, 2021 and was not yet a reporting issuer pursuant to applicable securities legislation until December 24, 2021, the date of the final receipt for its final prospectus dated December 23, 2021, as issued by the Ontario, Alberta and British Columbia Securities Commissions, thereby becoming a reporting issuer in each of the provinces of Ontario, Alberta and British Columbia. December 31 is the date of its fiscal year end.

Spitfyre Capital Inc.
Management's Discussion and Analysis

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The following selected financial data is derived from the financial statements of the Corporation prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards.

Selected Statement of Financial Position Data

	As at December 31, 2022	As at December 31, 2021
Net working capital	\$ 485,028	\$ 377,012
Total current assets	\$ 526,834	\$ 436,675
Total current liabilities	\$ 41,806	\$ 59,663
Total shareholders' equity	\$ 485,028	\$ 377,012

Selected Statement of Operations Data

	For the year ended December 31, 2022	For the period ended December 31, 2021
Expenses		
Professional Fees	\$79,196	\$ 69,488
Transfer Agent and Filing Fees	\$20,838	-
Net loss for the period	\$100,034	\$69,488
Basic loss per share	(0.02)	(0.02)
Weighted average shares outstanding	5,174,658	4,283,684

Discussion of Operations

The Corporation does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for potential acquisition. For the year ended December 31, 2022, the Corporation declared no cash dividends.

The Corporation incurred professional fees and filing fees of \$100,034 for the year ended December 31, 2022, as compared to \$69,488 incurred for the period ended December 31, 2021. The increase in professional fees and filing fees is due to a full year of operations in fiscal 2022 and going public in fiscal 2022 versus being a private corporation in fiscal 2021.

Liquidity, Capital Resources, and Outlook

As at December 31, 2022, the Corporation had net working capital of \$485,028 and cash of \$526,834. Management believes that it has sufficient cash to meet its ongoing obligations prior to completion of its initial public offering (the "IPO") and upon closing of the IPO, if completed, sufficient further resources to be able to identify, evaluate and complete a Qualifying Transaction as defined under Policy 2.4 of the Exchange.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at December 31, 2022.

Critical Accounting Estimates and Policies

The Corporation's significant accounting policies and the adoption of new accounting policies are disclosed in the audited financial statements for the year ended December 31, 2022 and for the period from June 24, 2021 (date of incorporation) to December 31, 2021.

Financial Instruments and Other Instruments

The Corporation's financial instruments consist of cash and accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values, as applicable.

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Corporation:

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited Common Shares	5,750,000 Common Shares
Securities convertible or exercisable into voting or equity securities – stock options	<p style="text-align: center;">Directors' and officers' stock options to acquire up to 10% of the issued and outstanding common shares</p> <p style="text-align: center;">Agent's options to acquire up to 10% of the common shares issued in connection with the initial public offering</p>	<p style="text-align: center;">Nil</p> <p style="text-align: center;">125,000 options</p>
Voting or equity securities issuable on conversion or exchange of outstanding securities	as above	as above

Risks and Uncertainties

The Corporation has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. Equity or debt financing may be required to complete a Qualifying Transaction. There can be no assurance that the Corporation will be able to obtain adequate financing to continue. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities:

- a) The Corporation faces risks related to health epidemics, pandemics and other outbreaks of communicable diseases, which could significantly disrupt its ability to complete a Qualifying Transaction on a timely basis, or at all, and adversely effect its financial condition. The Corporation's business could be adversely impacted by the effects of the COVID-19 pandemic or other epidemics and/or pandemics. In December 2019, COVID-19 emerged in China and the virus has now spread with infections having been reported globally. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. The extent to which COVID-19 impacts the Corporation's ability to complete a Qualifying Transaction on a timely basis, or at all, and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the pandemic and the actions taken to contain or treat the COVID-19 pandemic (including recommendations from public health officials). In addition, the COVID-19 pandemic represents a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the Corporation and its ability to complete a Qualifying Transaction in a timely manner, or at all.
- b) The Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction (see "*Description of the Business*").
- c) Investment in the common shares of the Corporation ("Common Shares") is highly speculative given the proposed nature of the Corporation's business and its present stage of development.
- d) The directors and officers of the Corporation will devote only a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.
- e) There is no market through which the Common Shares may be sold and purchasers may not be able to resell the Common Shares purchased under the IPO. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares, and the extent of issuer regulation.
- f) There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares.

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- g) Until completion of the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. (See "*Description of the Business*").
- h) The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction (see "*Description of the Business*").
- i) Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction (see "*Description of the Business*").
- j) Completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval (as such terms are defined in Policy 2.4 of the Exchange). (See "*Description of the Business*".)
- k) Unless a shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares.
- l) Upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares will be halted and will remain halted for an indefinite period of time, typically until a Sponsor (as such term is defined in Policy 2.4 of the Exchange) has been retained and certain preliminary reviews have been conducted. The Common Shares may be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction (see "*Description of the Business*").
- m) Trading in the Common Shares may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required.
- n) Neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction.
- o) The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation.

- p) In the event that the management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.
- q) Subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to an aggregate of \$225,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan.

Related Party Transactions

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and approved by the related parties.

During the year ended December 31, 2022, 281,000 Common Shares were issued at a price of \$0.20 per share for gross proceeds of \$56,200 to directors and officers of the Corporation as part of the IPO.

During the period ended December 31, 2021, 2,900,000 Common Shares were issued at a price of \$0.10 per share for gross proceeds of \$290,000 to directors and officers of the Corporation.

There was no remuneration paid to key management personnel during the year ended December 31, 2022 and no other related party transactions have occurred during the year.

Initial Public Offering

On May 18, 2022, the Corporation filed an amended and restated prospectus to offer to sell and issue a minimum of 1,125,000 Common Shares and a maximum of 1,250,000 Common Shares at a price of \$0.20 per Common Share for minimum aggregate gross proceeds of \$225,000 and maximum aggregate gross proceeds of \$250,000. The Corporation has entered into an agency agreement with Hampton Securities Limited (the "Agent") to raise gross proceeds of \$225,000 to \$250,000 in connection with the IPO. The Corporation has agreed to pay a commission of 10% of the gross proceeds of the IPO to the Agent and to grant compensation warrants ("Compensation Warrants") to the Agent and its sub-agents, if any, which will entitle the holder thereof to purchase up to that number of Common Shares that is equal to 10% of the Common Shares issued pursuant to the IPO at a price of \$0.20 per Common Share, exercisable for a period ending 36 months from the date the Common Shares are listed on the Exchange. Pursuant to Policy 2.4 of the Exchange, no more than 50% of the aggregate number of Common Shares that may be acquired pursuant to the Compensation Warrants may be sold prior to the completion of the Qualifying Transaction and the remaining 50% may only be sold after completion of the Qualifying Transaction. In addition, the Corporation is required to reimburse the Agent for legal fees (up to a maximum of \$15,000 plus taxes and disbursements) and other reasonable expenses incurred by the Agent pursuant to the IPO. On June 17, 2022, the Corporation completed the Offering, raising the maximum gross proceeds of \$250,000.

Spitfyre Capital Inc.
Management's Discussion and Analysis

For the year ended December 31, 2022 and the period from June 24, 2021 (date of incorporation) to December 31, 2021

Other Information

The policies of the TSX Venture Exchange prohibit Capital Pool Companies from carrying on formal investor relations activities. Corporate communications and investor inquiries are handled by the board of directors of the Corporation. Additional information about the Corporation is available on SEDAR at www.sedar.com.

APPENDIX "C"
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF SPITFYRE CAPITAL INC. FOR
THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(See attached)

Spitfyre Capital Inc.
(A Capital Pool Company)

Interim Financial Statements (Unaudited)

*For the three and six month periods ended June 30, 2023 and
2022*

(In Canadian Dollars)

Spitfyre Capital Inc.
Interim Statements of Financial Position
As at June 30, 2023 and December 31, 2022
(Unaudited)

(in Canadian Dollars)

Assets	As at June 30, 2023 (Unaudited)		As at December 31, 2022 (Audited)	
Cash held in trust	\$	486,870	\$	526,834
	\$	486,870	\$	526,834
Liabilities				
Accounts payable and accrued liabilities	\$	27,303	\$	41,806
Shareholders' Equity				
Share capital, net of issuance costs (Note 3)	\$	638,750	\$	638,750
Contributed surplus (Note 3)	\$	15,800	\$	15,800
Deficit	\$	(194,983)	\$	(169,522)
	\$	459,567	\$	485,028
	\$	486,870	\$	526,834

Approved by the Board

"Matthew McMillan"
Matthew McMillan
Director

"Simon Sokol"
Simon Sokol
Director

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

Spitfyre Capital Inc.**Interim Statements of Loss and Comprehensive Loss**

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

(in Canadian Dollars)

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Expenses				
Professional and other fees	\$ 13,861	\$ 36,726	\$ 14,774	\$ 36,868
Transfer Agent and filing fees	\$ 2,911	15,021	\$ 10,687	15,021
Net loss and comprehensive loss for the period	\$ (16,772)	\$ (51,747)	\$ (25,461)	\$ (51,889)
Net loss per share – basic and diluted	(Nil)	(0.01)	(Nil)	(0.01)
Weighted average shares outstanding – basic and diluted	5,750,000	4,678,571	5,750,000	4,589,779

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

Spitfyre Capital Inc.
Interim Statements of Cash Flows
For the six months ended June 30, 2023 and 2022
(Unaudited)

(in Canadian Dollars)

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Cash provided by (used in) Operating		
Net loss for the period	\$ (25,461)	\$ (51,889)
Change in accounts payable and accrued liabilities	\$ (14,503)	25,938
Cash used in operating activities	\$ (39,964)	\$ (25,951)
Financing		
Share issuance, net of issuance costs	-	208,050
Cash, beginning of period	\$ 526,834	\$ 436,675
Net change in cash	\$ (39,964)	\$ 182,099
Cash, end of period	\$ 486,870	\$ 618,774

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

Spitfyre Capital Inc.
Interim Statements of Changes in Shareholders' Equity
(Unaudited)

(in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity
Balance, December 31, 2021	4,500,000	\$ 446,500	-	\$ (69,488)	\$ 377,012
Share issuance, net of issuance costs (Note 3)	1,250,000	208,050	-	-	208,050
Agent's Options (Note 3)	-	(15,800)	15,800	-	-
Net loss for the period	-	-	-	\$ (51,889)	\$ (51,889)
Balance, June 30, 2022	5,750,000	\$ 638,750	\$15,800	\$ (121,377)	\$ 533,173
Balance, December 31, 2022	5,750,000	\$ 638,750	\$ 15,800	\$ (169,522)	\$ 485,028
Net loss for the period	-	-	-	\$ (25,461)	\$ (25,461)
Balance, June 30, 2023	5,750,000	\$ 638,750	\$ 15,800	\$ (194,983)	\$ 459,567

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

Spitfyre Capital Inc.

Notes to the Interim Financial Statements

For the six months ended June 30, 2023 and 2022

(Unaudited)

(in Canadian Dollars)

1. INCORPORATION AND NATURE OF BUSINESS

Spitfyre Capital Inc. (the “Corporation”) was incorporated under the *Business Corporations Act (Ontario)* on June 24, 2021. The Corporation has completed its Initial Public Offering to be classified as a Capital Pool Company as defined under Policy 2.4 – *Capital Pool Companies* (“Policy 2.4”) of the TSX Venture Exchange (the “Exchange”). The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as defined in Policy 2.4 of the Exchange (“Qualifying Transaction”). The Corporation has not commenced commercial operations and has no assets other than cash held in trust. Given the nature of the activities, no separate segmented information is reported. The Corporation’s continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders’ approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception of reasonable general and administrative expenses, not exceeding \$3,000 per month. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

The head office and the registered head office of the Corporation is located at 100 King Street West, Suite 1600, Toronto, Ontario, Canada, M5X 1G5.

On August 28, 2023, the board of directors of the Corporation (the “Board of Directors”) approved the interim financial statements for the six months ended June 30, 2023 and 2022.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

(in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Use of Estimates and Judgments

The preparation of these interim financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. A key source of measurement uncertainty is stock based compensation. Determining the fair value of equity-settled stock-based compensation awards at the grant date requires estimating the expected term of stock options, the expected volatility of the Corporation’s stock, the expected dividends and the number of stock-based awards that are expected to be forfeited.

Basis of Presentation

The interim financial statements are presented in Canadian dollars (“CAD”), which is the Corporation’s functional and presentation currency. The interim financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss (“FVTPL”), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these interim financial statements.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

Spitfyre Capital Inc.
Notes to the Interim Financial Statements
For the six months ended June 30, 2023 and 2022
(Unaudited)

(in Canadian Dollars)

Share-based Compensation

Equity-settled share based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as compensation expense in the interim financial statements. Share options are measured at the fair value of each tranche on the grant date and are recognized in their respective vesting period using the Corporation's expected forfeiture rate. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

Cash held in trust

Cash held in trust is comprised of cash held in trust with the Corporation's lawyers.

Financial Instruments

Recognition

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value (either through other comprehensive loss or through profit or loss), and (ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive loss.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash held in trust is classified as assets at fair value and any period change in fair value is recorded in profit or loss.

Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Spitfyre Capital Inc.
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(Unaudited)

(in Canadian Dollars)

Financial Instruments - continued

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive loss (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash held in trust is a level 1 financial instrument measured at fair value on the statement of financial position.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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(Unaudited)

(in Canadian Dollars)

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

3. SHARE CAPITAL

Authorized

Unlimited common shares

Issued

Balance, December 31, 2022 and June 30, 2023	5,750,000	\$ 638,750
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Filing of Prospectus and Initial Public Offering

On May 18, 2022, the Corporation filed an amended and restated prospectus to offer to sell and issue a minimum of 1,125,000 common shares ("Common Shares") to a maximum of 1,250,000 Common Shares at a price of \$0.20 per Common Share for gross proceeds of \$225,000 to \$250,000, respectively (the "Offering"). In connection with the Offering, the Corporation entered into an agency agreement with Hampton Securities Limited (the "Agent"). On June 17th, 2022 the Corporation completed the maximum Offering, issuing 1,250,000 Common Shares at \$0.20 per Common Share for gross proceeds of \$250,000. In completing the Offering, the Corporation incurred \$25,000 in commissions for the Agent and \$16,950 in other reimbursable costs, for total issue costs of \$41,950.

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(Unaudited)

(in Canadian Dollars)

Escrowed Shares

During the period ended December 31, 2021, the Corporation issued 4,500,000 Common Shares of the Corporation at \$0.10 per Common Share for gross proceeds of \$450,000 and incurred \$3,500 in share issuance costs.

All Common Shares acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow. 4,781,000 shares have been escrowed at June 30, 2023.

All Common Shares and Common Shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued, releasing from escrow as follows:

Date of Final Exchange Bulletin	25%
Date 6 months following Final Exchange Bulletin	25%
Date 12 months following Final Exchange Bulletin	25%
Date 18 months following Final Exchange Bulletin	25%

Options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding Common Shares. They are non-transferable and the exercise price of each option granted under the plan shall be determined by the Board of Directors. Options may be granted for a maximum term of ten years from the date of the grant. Options expire not later than 12 months after the optionee ceases to be a director, officer or technical consultant of the Corporation, subject to the expiry date of the option.

Any Common Shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions as described above for escrowed shares.

The stock option plan is subject to regulatory approval.

(in Canadian Dollars)

Agent's Options

In connection with the Offering, the company granted Agent's Options (the "Agent's Options") which entitles the Agent to purchase in aggregate up to 125,000 Common Shares at an exercise price \$0.20 per Common Share. The Agent's Options will expire 36 months from the date the Common Shares were listed on the TSX Venture. The Agent's Options were valued at \$15,800 estimated using the Black-Scholes pricing model with the following assumptions: share price of \$0.20, estimated life of three years, risk-free interest rate of 3.24%, volatility of 100%, and nil forecasted dividend yield.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of Common Shares may only be used to identify and evaluate assets or businesses for future investment, with the exception of reasonable general and administrative expenses, not exceeding \$3,000 per month. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange Policy 2.4.

Risk Disclosures and Fair Values

The Corporation's financial instruments carried at amortized cost consist of accounts payable and accrued liabilities. The fair value of these financial instruments approximate their carrying value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Spitfyre Capital Inc.
Notes to the Interim financial statements
For the six months ended June 30, 2023
(Unaudited)

(in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, 281,000 Common Shares were issued at a price of \$0.20 per share for gross proceeds of \$56,200 to directors and officers of the Corporation as part of the IPO.

During the period ended December 31, 2021, 2,900,000 Common Shares were issued at a price of \$0.10 per share for gross proceeds of \$290,000 to directors and officers of the Corporation.

There was no remuneration paid to key management personnel during the three and six months ended June 30, 2023 and no other related party transactions have occurred during the period.

6. QUALIFYING TRANSACTION

On June 28, 2023, the Corporation entered into a non-binding letter of intent (the "LOI") with NeoTerrex Corporation ("NeoTerrex"). Pursuant to the LOI, the Corporation and NeoTerrex propose to complete a business combination transaction which is intended to constitute the Corporation's Qualifying Transaction (the "Proposed Transaction"). Prior to the Proposed Transaction, it is intended that NeoTerrex and/or the Corporation will complete a private placement, of a minimum of \$1,000,000 and up to a maximum of \$2,000,000 of subscription receipts of NeoTerrex and/or the Corporation (the "Private Placement"), as well as up to \$2,000,000 of flow-through subscription receipts (the "FT Financing"). It is currently anticipated that the exchange ratio for the Proposed Transaction will be 1:1. The closing date of the Proposed Transaction is anticipated to be on or before November 30, 2023, or such other date as is mutually agreed to between NeoTerrex and the Corporation.

APPENDIX "D"
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF SPITFYRE CAPITAL INC. FOR THE THREE
AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**

(See attached)

Spitfyre Capital Inc.
(A Capital Pool Company)
Management's Discussion and Analysis
For the three and six months ended June 30,
2023 and 2022

August 28, 2023

The following management's discussion and analysis ("MD&A") should be read in conjunction with the Corporation's unaudited interim financial statements and notes thereto for the six months ended June 30, 2023 and 2022. Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

This MD&A was prepared by management of Spitfyre Capital Inc. ("the Corporation") and was approved by the board of directors of the Corporation on August 28, 2023. All amounts are in Canadian dollars unless otherwise stated.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", and similar words and phrases, used by any of the Corporation's management, are intended to identify forward-looking statements. Such statements reflect the Corporation's forecasts, estimates and expectations, as they relate to the Corporation's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements are made as at the date of this MD&A and the Corporation does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Description of the Business

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on June 24, 2021 and is classified as a Capital Pool Company as defined under Policy 2.4 – *Capital Pool Companies* ("Policy 2.4") of the TSX Venture Exchange (the "Exchange"). The Corporation has no assets other than cash held in trust. The Corporation proposes to identify and evaluate potential acquisitions or businesses, and once identified and evaluated, to negotiate an acquisition or participation subject to regulatory and, if required, shareholders' approval.

The Corporation's registered head office is located at 100 King Street West, Suite 1600, Toronto, Ontario, Canada, M5X 1G5.

Selected Financial Information

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on June 24, 2021 and was not yet a reporting issuer pursuant to applicable securities legislation until December 24, 2021, the date of the final receipt for its final prospectus dated December 23, 2021, as issued by the Ontario, Alberta and British Columbia Securities Commissions, thereby becoming a reporting issuer in each of the provinces of Ontario, Alberta and British Columbia. December 31 is the date of its fiscal year end.

Spitfyre Capital Inc.
Management's Discussion and Analysis
For the three and six months ended June 30, 2023 and 2022

The following selected financial data is derived from the unaudited interim financial statements of the Corporation prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards.

Selected Statement of Financial Position Data

	As at June 30, 2023	As at June 30, 2022
Net working capital	\$ 459,567	\$ 533,173
Total current assets	\$ 486,870	\$ 618,774
Total current liabilities	\$ 27,303	\$ 85,601
Total shareholders' equity	\$ 459,587	\$ 533,173

Selected Statement of Operations Data

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Expenses		
Professional Fees	\$14,774	\$ 36,868
Transfer Agent and Filing Fees	\$10,687	\$ 15,021
Net loss for the period	\$(25,461)	\$(51,889)
Basic loss per share	Nil	(0.01)
Weighted average shares outstanding	5,750,000	4,589,779

	For the three months ended June 30, 2023	For the three months ended June 30, 2022
Expenses		
Professional Fees	\$13,861	\$ 36,726
Transfer Agent and Filing Fees	\$2,911	\$ 15,021
Net loss for the period	\$(16,772)	\$(51,747)
Basic loss per share	Nil	(0.01)
Weighted average shares outstanding	5,750,000	4,678,571

Discussion of Operations

The Corporation does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for potential acquisition. For the six months ended June 30, 2023 the Corporation declared no cash dividends.

The Corporation incurred professional fees and filing fees of \$25,461 for the six months ended June 30, 2023, as compared to \$51,889 incurred for the six months ended June 30, 2022. The decrease in professional fees and filing fees year over year is due to the Company having completed its initial public offering of shares during the six month period ending June 30, 2022.

Liquidity, Capital Resources, and Outlook

As at June 30, 2023 the Corporation had net working capital of \$459,567 and cash held in trust of \$486,870. Management believes that it has sufficient resources to be able to identify, evaluate and complete a Qualifying Transaction as defined under Policy 2.4 of the Exchange.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at June 30, 2023.

Critical Accounting Estimates and Policies

The Corporation's significant accounting policies and the adoption of new accounting policies are disclosed in the unaudited interim financial statements for the six months ended June 30, 2023 and 2022.

Financial Instruments and Other Instruments

The Corporation's financial instruments consist of cash and accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values, as applicable.

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Corporation:

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited Common Shares	5,750,000 Common Shares
Securities convertible or exercisable into voting or equity securities – stock options	Directors' and officers' stock options to acquire up to 10% of the issued and outstanding common shares	Nil
	Agent's options to acquire up to 10% of the common shares issued in connection with the initial public offering	125,000 options
Voting or equity securities issuable on conversion or exchange of outstanding securities	as above	as above

Risks and Uncertainties

The Corporation has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. Equity or debt financing may be required to complete a Qualifying Transaction. There can be no assurance that the Corporation will be able to obtain adequate financing to continue. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities:

- a) The Corporation faces risks related to health epidemics, pandemics and other outbreaks of communicable diseases, which could significantly disrupt its ability to complete a Qualifying Transaction on a timely basis, or at all, and adversely effect its financial condition. The Corporation's business could be adversely impacted by the effects of the COVID-19 pandemic or other epidemics and/or pandemics. In December 2019, COVID-19 emerged in China and the virus has now spread with infections having been reported globally. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. The extent to which COVID-19 impacts the Corporation's ability to complete a Qualifying Transaction on a timely basis, or at all, and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the pandemic and the actions taken to contain or treat the COVID-19 pandemic (including recommendations from public health officials). In addition, the COVID-19 pandemic represents a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the Corporation and its ability to complete a Qualifying Transaction in a timely manner, or at all.
- b) The Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction (see "*Description of the Business*").
- c) Investment in the common shares of the Corporation ("Common Shares") is highly speculative given the proposed nature of the Corporation's business and its present stage of development.
- d) The directors and officers of the Corporation will devote only a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.
- e) There is no market through which the Common Shares may be sold and purchasers may not be able to resell the Common Shares purchased under the IPO. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares, and the extent of issuer regulation.
- f) There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares.

- g) Until completion of the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. (See "*Description of the Business*").
- h) The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction (see "*Description of the Business*").
- i) Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction (see "*Description of the Business*").
- j) Completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval (as such terms are defined in Policy 2.4 of the Exchange). (See "*Description of the Business*".)
- k) Unless a shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares.
- l) Following the public announcement of the proposed Qualifying Transaction, trading in the Common Shares has been halted and will remain halted for an indefinite period of time, typically until a Sponsor (as such term is defined in Policy 2.4 of the Exchange) has been retained and certain preliminary reviews have been conducted. The Common Shares may be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction (see "*Description of the Business*").
- m) Trading in the Common Shares may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required.
- n) Neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction.
- o) The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation.

- p) In the event that the management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

- q) Subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to an aggregate of \$225,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan.

Related Party Transactions

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and approved by the related parties.

During the year ended December 31, 2022, 281,000 Common Shares were issued at a price of \$0.20 per share for gross proceeds of \$56,200 to directors and officers of the Corporation as part of the IPO.

During the period ended December 31, 2021, 2,900,000 Common Shares were issued at a price of \$0.10 per share for gross proceeds of \$290,000 to directors and officers of the Corporation.

There was no remuneration paid to key management personnel during the three and six months ended March 31, 2023 and no other related party transactions have occurred during the quarter.

Initial Public Offering

On May 18, 2022, the Corporation filed an amended and restated prospectus to offer to sell and issue a minimum of 1,125,000 Common Shares and a maximum of 1,250,000 Common Shares at a price of \$0.20 per Common Share for minimum aggregate gross proceeds of \$225,000 and maximum aggregate gross proceeds of \$250,000. The Corporation has entered into an agency agreement with Hampton Securities Limited (the "Agent") to raise gross proceeds of \$225,000 to \$250,000 in connection with the IPO. The Corporation has agreed to pay a commission of 10% of the gross proceeds of the IPO to the Agent and to grant compensation warrants ("Compensation Warrants") to the Agent and its sub-agents, if any, which will entitle the holder thereof to purchase up to that number of Common Shares that is equal to 10% of the Common Shares issued pursuant to the IPO at a price of \$0.20 per Common Share, exercisable for a period ending 36 months from the date the Common Shares are listed on the Exchange. Pursuant to Policy 2.4 of the Exchange, no more than 50% of the aggregate number of Common Shares that may be acquired pursuant to the Compensation Warrants may be sold prior to the completion of the Qualifying Transaction and the remaining 50% may only be sold after completion of the Qualifying Transaction. In addition, the Corporation is required to reimburse the Agent for legal fees (up to a maximum of \$15,000 plus taxes and disbursements) and other reasonable expenses incurred by the Agent pursuant to the IPO. On June 17, 2022, the Corporation completed the Offering, raising the maximum gross proceeds of \$250,000.

Qualifying Transaction

On June 28, 2023, the Corporation entered into a non-binding letter of intent (the "LOI") with NeoTerrex Corporation ("NeoTerrex"). Pursuant to the LOI, the Corporation and NeoTerrex propose to complete a business combination transaction which is intended to constitute the Corporation's Qualifying Transaction (the "Proposed Transaction"). Prior to the Proposed Transaction, it is intended that NeoTerrex and/or the Corporation will complete a private placement, of a minimum of \$1,000,000 and up to a maximum of \$2,000,000 of subscription receipts of NeoTerrex and/or the Corporation (the "Private Placement"), as well as up to \$2,000,000 of flow-through subscription receipts (the "FT Financing"). It is currently anticipated that the exchange ratio for the Proposed Transaction will be 1:1. The closing date of the Proposed Transaction is anticipated to be on or before November 30, 2023, or such other date as is mutually agreed to between NeoTerrex and the Corporation.

Other Information

The policies of the TSX Venture Exchange prohibit Capital Pool Companies from carrying on formal investor relations activities. Corporate communications and investor inquiries are handled by the board of directors of the Corporation. Additional information about the Corporation is available on SEDAR at www.sedar.com.

APPENDIX "E"
**AUDITED FINANCIAL STATEMENTS OF NEOTERREX CORPORATION FOR THE YEAR ENDED
DECEMBER 31, 2022 AND FOR THE PERIOD FROM THE DATE OF INCORPORATION ON JULY 7,
2021 TO DECEMBER 31, 2021**

(See attached)



Financial Statements
As at December 31, 2022 and 2021
Presented in Canadian dollars

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Independent Auditor's Report

Raymond Chabot
Grant Thornton LLP
1000 Germain Street
Val-d'Or, Quebec
J9P 5T6

T 819-825-6226

To the Shareholders of
NeoTerrex Corporation

Opinion

We have audited the financial statements of NeoTerrex Corporation (hereafter "the Corporation"), which comprise the statements of financial position as at December 31, 2022 and 2021, the statements of loss and comprehensive loss, the statements of changes in equity and the statements of cash flows for the year ended December 31, 2022 and for the 178-day period ended December 31, 2021, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2022 and 2021, and its financial performance and its cash flows for the year ended December 31, 2022 and for the 178-day period ended December 31, 2021 in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit 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.

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 (IFRS), 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.

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.

Raymond Chabot Grant Thornton LLP

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Val-d'Or
March 15, 2023

¹ CPA auditor, public accountancy permit no. A109964

NeoTerrex Corporation
Statements of Financial Position
(In Canadian dollars)

	Note	As at December 31, 2022	2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	3,310,980	4,961,024
Sales tax receivable		80,618	31,815
Tax credits and mining rights receivable		368,373	15,143
Prepaid expenses		8,778	1,040
Total assets		3,768,749	5,009,022
Liabilities			
Current liabilities			
Trade payables and accrued liabilities		64,121	135,910
Liability related to the premium on flow-through shares	6	-	140,000
Total liabilities		64,121	275,910
Equity			
Share capital	7	4,780,221	4,780,221
Warrants	7	171,069	171,069
Deficit		(1,246,662)	(218,178)
Total equity		3,704,628	4,733,112
Total liabilities and equity		3,768,749	5,009,022

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

On behalf of the Board of Directors

(s) V.E. Dale Burstall

Director

(s) Mathieu Stephens

Director

NeoTerrex Corporation

Statements of Loss and Comprehensive Loss

(In Canadian dollars, except for number of shares)

	Note	For the year ended December 31, 2022	For the 178-day period ended December 31, 2021
		\$	\$
Expenses			
Exploration and evaluation expenditures, net of tax credits and mining rights	8	910,072	154,712
Salaries	12	133,334	-
Professional and consulting fees	12	156,540	56,954
Conference and promotion		7,779	1,872
Insurances, taxes and permits		20,628	-
Other		20,215	5,235
Total expenses		1,248,568	218,773
Other items			
Flow-through shares premium	6	140,000	-
Finance income		80,084	595
Total other items		220,084	595
Net loss and comprehensive loss		(1,028,484)	(218,178)
Loss per share – Basic and diluted		(0.02)	(0.04)
Weighted average number of shares outstanding – Basic and diluted			
		59,444,000	5,898,283

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

NeoTerrex Corporation
Statements of Changes in Equity
(In Canadian dollars)

	Note	Number of Common Shares Outstanding	Share Capital \$	Warrants \$	Deficit \$	Total Equity \$
Balance at inception		-	-	-	-	-
Acquisition of mineral claims	8	5,000,000	125,000	-	-	125,000
Private placements						
Proceeds from share issuance	7 (i) (ii)	48,844,000	4,734,400	-	-	4,734,400
Proceeds from flow-through share issuance	7 (ii)	5,600,000	700,000	-	-	700,000
Allocation of value to flow-through shares premium	6	-	(140,000)	-	-	(140,000)
Agent compensation warrants	7 (ii)	-	-	171,069	-	171,069
Share issue cost	7 (ii)	-	(639,179)	-	-	(639,179)
Net loss and comprehensive loss		-	-	-	(218,178)	(218,178)
Balance – December 31, 2021		59,444,000	4,780,221	171,069	(218,178)	4,733,112
Net loss and comprehensive loss		-	-	-	(1,028,484)	(1,028,484)
Balance – December 31, 2022		59,444,000	4,780,221	171,069	(1,246,662)	3,704,628

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

NeoTerrex Corporation

Statements of Cash Flows

(In Canadian dollars)

	Note	For the year ended December 31, 2022	For the 178-day period ended December 31, 2021
		\$	\$
Operating activities			
Net loss		(1,028,484)	(218,178)
Adjustment for:			
Flow-through shares premium	6	(140,000)	-
Common shares issued for mineral claims acquisition	8	-	125,000
Changes in working capital items	13	(421,196)	27,548
Net cash from operating activities		(1,589,680)	(65,630)
Financing activities			
Proceeds of private placements	7	-	5,434,400
Share issue cost paid in cash	7	(60,364)	(407,746)
Net cash from financing activities		(60,364)	5,026,654
Change in cash and cash equivalents		(1,650,044)	4,961,024
Cash and cash equivalents, beginning of period		4,961,024	-
Cash and cash equivalents, end of period		3,310,980	4,961,024

Supplemental cash flow information (Note 13)

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

NeoTerrex Corporation

Notes to Financial Statements

For the year ended December 31, 2022 and for the 178-day period ended December 31, 2021
(In Canadian dollars)

1. NATURE OF OPERATIONS

NeoTerrex Corporation (“NeoTerrex” or the “Corporation”) is engaged in the evaluation, acquisition and exploration of mineral properties for rare earth elements and lithium with its activities focused in prospective areas in Canada. The Corporation plans to ultimately develop the properties, bring them into production, option or lease the properties to third parties, or sell the properties outright. The Corporation has not determined whether these properties contain mineral reserves that are economically recoverable and the Corporation is considered to be in the exploration stage. The Corporation will periodically have to raise additional funds to continue operations, and while it has been successful in doing since its inception, there can be no assurance it will be able to do so in the future.

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

The Corporation was incorporated under the *Canada Business Corporation Act* on July 7, 2021. Its registered office is located at 5390 West River Drive, Ottawa, Ontario, K4M 1G4.

The accompanying financial statements of the Corporation (The “Financial Statements”) have been prepared in accordance with *International Financial Reporting Standards* (“IFRS”). The Financial Statements were approved and authorised for issue by the Board of Directors on March 15, 2023.

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE CORPORATION

At the date of authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the *International Accounting Standards Board*. None of these standards or amendments to existing standards have been adopted early by the Corporation and no interpretations have been issued that are applicable and need to be taken into consideration by the Corporation at either reporting date.

Management of the Corporation 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 year have not been disclosed as they are not expected to have a material impact on the Corporation’s financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

The Financial Statements have been prepared on an accrual basis and under the historical cost convention.

4.2 Functional and presentation currency

The Financial Statements are presented in Canadian dollars which is also the functional currency of the Corporation.

NeoTerrex Corporation

Notes to Financial Statements

For the year ended December 31, 2022 and for the 178-day period ended December 31, 2021
(In Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial assets and liabilities

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are initially measured at fair value adjusted for transaction costs, if any.

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- Amortized cost;
- Fair value through profit or loss ("FVTPL");
- Fair value through other comprehensive income ("FVOCI").

In the periods presented, the Corporation does not have any financial assets categorised as FVTPL or FVOCI.

The classification is determined by both the Corporation's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the Statements of Loss and Comprehensive Loss are presented within finance income or finance cost, if any.

Subsequent valuation of financial assets – financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following condition:

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Cash and cash equivalents are included in this category of financial instrument.

Impairment of financial assets

Financial assets at amortized cost are subject to impairment. The impairment provisions use the expected credit loss model. The Corporation considers a broader range of information when assessing credit losses, including past events, current conditions, reasonable and supportable forecasts that affect expected collectability of future cash flows of the financial instrument.

NeoTerrex Corporation

Notes to Financial Statements

For the year ended December 31, 2022 and for the 178-day period ended December 31, 2021
(In Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Classification and measurement of financial liabilities

The Corporation's financial liabilities include trade payables and accrued liabilities.

Financial liabilities are initially measured at fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposit, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amount of cash and which are subject to an insignificant risk of change in value.

4.5 Tax credits and mining rights receivable

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

4.6 Exploration and evaluation expenditures

The Corporation expenses all expenditures related to its exploration and evaluation properties until such time as the properties are put into commercial production. To date no commercial production has been carried out. Under this method, all amounts shown as exploration and evaluation expenditures represent costs incurred during the year less amounts reimbursed from exploration partners, if any.

4.7 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income taxes are calculated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases.

Deferred tax assets are recognized to the extent that is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Corporation's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are presented as noncurrent and generally recognized in full.

NeoTerrex Corporation

Notes to Financial Statements

For the year ended December 31, 2022 and for the 178-day period ended December 31, 2021
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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

4.8 Loss per share

Loss per share is computed by dividing the loss attributable to common equity holders of the Corporation by the weighted-average number of shares outstanding during the period. Diluted loss per share is calculated using the weighted average number of shares outstanding during the period for the calculation of the dilutive effect of dilutive instruments such as warrants and stock options unless they have an anti-dilutive effect.

4.9 Equity

Share capital represents the amount received on the issue of common shares. If shares are issued when warrants are exercised, the share capital account also comprises the compensation costs previously recorded as warrants. In addition, if shares are issued as consideration for the acquisition of a mineral property, they are measured at their fair value on the day of the conclusion of the agreement and recorded in the Statement of Loss and Comprehensive Loss under exploration and evaluation expenditures.

Warrants include charges related to the issuance of warrants until such equity instruments are exercised or expired. On expiry, warrant values are transferred to contributed surplus.

Flow-through placements

Issuance of flow-through shares represents in substance an issue of common shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the Statement of Financial Position. The proceeds received from flow-through shares are allocated between share capital and the liability using the residual method. Proceeds are first allocated to shares according to the estimated fair value of existing shares at the time of issuance and any residual in the proceeds is allocated to liability related to the premium on flow-through shares. When eligible expenses are incurred and the Corporation has the intention to renounce its right to tax deductions to the investors, the amount recognized in liability related to the premium on flow-through shares is reversed and is recognized in profit or loss under flow-through shares premium.

4.10 Share issue cost

Share issue cost are accounted in the period in which they are incurred and are recorded as a deduction to share capital, net of any underlying income tax benefit from the share issue cost, in the year in which the shares are issued.

4.11 Provision

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Corporation and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

NeoTerrex Corporation

Notes to Financial Statements

For the year ended December 31, 2022 and for the 178-day period ended December 31, 2021
(In Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Corporation's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Corporation's operations are in compliance with the current laws and regulations. Site restoration costs currently incurred are negligible.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. As at December 31, 2022 and 2021, there is no provision in the Statements of Financial Position.

4.12 Segmented reporting

The Corporation is organized into business units based on mineral properties and has one business segment, being the acquisition, exploration and evaluation of mineral properties. All of the Corporation's activities are conducted in Canada.

4.13 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The Corporation has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

In particular, the Corporation has identified the following areas where significant judgments, estimates, and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the Financial Statements.

Significant management judgments

The following are significant management judgments in applying the accounting policies of the Corporation and have the most significant effect on the Financial Statements.

a) *Recognition of deferred income tax assets and measurement of income tax expense*

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Corporation's assets and liabilities which is expected to be through the sale of the Corporation's assets.

NeoTerrex Corporation

Notes to Financial Statements

For the year ended December 31, 2022 and for the 178-day period ended December 31, 2021
(In Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses within the next financial year, are described below. The Corporation based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Corporation. Such changes are reflected in the assumptions when they occur.

a) *Share-based payments*

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Corporation has made estimates as to the volatility of the Corporation's own shares based on the volatility of similar companies in the industry, the probable life of warrants granted and the time of exercise of those warrants. The model used by the Corporation is the Black-Scholes valuation model (see Note 7).

b) *Tax credits and mining rights*

The calculation of the Corporation's refundable tax credit on qualified exploration expenditure incurred and refundable credit on duties for losses involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable credit on duties for losses, exploration expenditures, and income tax expense in future periods (See Note 4.5).

5. CASH AND CASH EQUIVALENTS

	As at December 31,	
	2022	2021
	\$	\$
Cash	208,024	260,457
Guaranteed investment certificate ("GIC") bearing interest at 4.35% per annum, redeemable at any time and maturing on December 22, 2023	3,102,956	-
GIC bearing interest at 0.55% per annum, redeemable at any time and maturing on December 23, 2022	-	4,700,567
	3,310,980	4,961,024

The balance on flow-through financing not spent according to the terms of the financings, completed on December 22, 2021 by the Corporation, represents \$700,000 as at December 31, 2021, and is included in cash and cash equivalents. The Corporation has dedicated these funds to Canadian mining properties exploration activities in fiscal 2022.

NeoTerrex Corporation

Notes to Financial Statements

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(In Canadian dollars)

6. LIABILITY RELATED TO THE PREMIUM ON FLOW-THROUGH SHARES AND COMMITMENTS

	2022	2021
	\$	\$
Beginning balance	140,000	-
Liability incurred on flow-through shares issued (Note 7a)	-	140,000
Reduction related to qualifying exploration expenditures	(140,000)	-
Ending Balance	-	140,000

Flow-through expenditure commitment

The Corporation is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Corporation is engaged in realizing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements;
- One year after the Corporation has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Corporation's exploration expenses will qualify as Canadian exploration expenses, even if the Corporation is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

Flow-through commitment obligations

On December 22, 2021, the Corporation raised \$700,000 through flow-through placements. The Corporation has incurred the entire commitment within the stipulated deadline of December 31, 2022.

The Corporation will indemnify the subscribers flow-through share offerings against certain tax related amounts that may become payable by the shareholder as a result of the Corporation not meeting its expenditure commitments.

7. EQUITY

a) Share capital

Authorized

The authorized capital of NeoTerrex consists of:

- An unlimited number of common shares having no par value. The holders of common shares are entitled to one vote per common share at shareholder meetings of the Corporation. Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Corporation, the holders of common shares shall be entitled to receive such dividends as the directors may from time to time, by resolution, declare and in the event of liquidation, dissolution or winding up of the Corporation the holders of common shares of the Corporation shall be entitled to share pro rate; and
- An unlimited number of preferred shares, issuable in one or several series with the designation, rights, liens, privileges, restrictions and conditions as determined by the directors of the Corporation.

NeoTerrex Corporation

Notes to Financial Statements

For the year ended December 31, 2022 and for the 178-day period ended December 31, 2021

(In Canadian dollars)

7. EQUITY (CONT'D)

Issuance of common shares

- (i) On July 7, 2021, the Corporation issued one (1) common share and on September 1, 2021, the Corporation issued 1,999,999 common shares, at a price of \$0.025 per common share, for gross proceeds of \$50,000. Directors and officers subscribed for a total of \$40,000 of the gross proceeds.
- (ii) On December 22, 2021, the Corporation closed a brokered private placement consisting of 46,844,000 common shares, at a price of \$0.10 per common share for gross proceeds of \$4,684,400, and 5,600,000 common shares issued on a flow-through basis, at a price of \$0.125 per flow-through share, for gross proceeds of \$700,000 (the "Offering"). Directors and officers subscribed for a total of \$95,000 of the gross proceeds of the Offering.

In connection with the issuance of the 5,600,000 flow-through shares, the Corporation realized a flow-through premium liability of \$140,000. The flow-through shares premium was calculated using the residual method based on the value of the common shares issued in the Offering.

In connection with the Offering, the agent received (i) a cash commission of \$338,830, and (ii) 2,928,300 compensation warrants exercisable at a price of \$0.10 per share and 368,000 compensation warrants exercisable at a price of \$0.125 per share, to purchase common shares until December 22, 2023.

The 2,928,300 compensation warrants issued in connection with the Offering have been recorded at a value of \$153,736 based on the Black-Scholes option pricing model, using the following assumptions: share price of \$0.10, an exercise price of \$0.10, risk-free interest rate of 0.96%, expected life of agent options of 2 years, expected volatility rate of 100% and an expected dividend rate of 0%.

The 368,000 compensation warrants issued in connection with the Offering have been recorded at a value of \$17,333 based on the Black-Scholes option pricing model, using the following assumptions: share price of \$0.10, an exercise price of \$0.125, risk-free interest rate of 0.96%, expected life of agent options of 2 years, expected volatility rate of 100% and an expected dividend rate of 0%.

The underlying expected volatility used in the Black-Scholes option pricing model was determined by reference to historical data of similar companies' shares over the expected average life of the compensation warrants.

Total issue cost of the Offering consists of the agent cash commission of \$338,830, the value of the compensation warrants of \$171,069, the value of the agent fees and expenses of \$66,740, and legal and management fees of \$62,540.

NeoTerrex Corporation

Notes to Financial Statements

For the year ended December 31, 2022 and for the 178-day period ended December 31, 2021
(In Canadian dollars)

7. EQUITY (CONT'D)

b) Warrants

Compensation warrants could be exercised for an equivalent number of common shares. A summary of changes is presented below:

	2022		2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		\$		\$
Outstanding, beginning	3,296,300	0.10	-	-
Issued	-	-	3,296,300	0.10
Outstanding, end	3,296,300	0.10	3,296,300	0.10

Compensation warrants outstanding as at December 31, 2022 and 2021 are as follows:

Number of Warrants	Carrying Value	Exercise price	Expiry date
	\$	\$	
2,928,300	153,736	0.10	December 22, 2023
368,000	17,333	0.125	December 22, 2023
3,296,300	171,069		

8. EXPLORATION AND EVALUATION EXPENDITURES

	As at December 31,	
	2022	2021
	\$	\$
Mineral acquisition and maintenance costs	41,810	125,000
Exploration and evaluation expenses, net of tax credits and mining rights	868,262	29,712
	910,072	154,712

		As at December 31,	
		2022	2021
Mineral acquisition and maintenance costs	Interest	\$	\$
Quebec			
Mount Discovery	100%	9,910	100,000
Decelles	100%	24,200	-
Lac Riel	100%	2,475	-
Lindsay	100%	2,475	-
Other	100%	2,750	-
GreenWinds	Option - 100%	-	25,000
		41,810	125,000

NeoTerrex Corporation

Notes to Financial Statements

For the year ended December 31, 2022 and for the 178-day period ended December 31, 2021
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8. EXPLORATION AND EVALUATION EXPENDITURES (CONT'D)

Exploration and evaluation expenses, net of tax credits and mining rights	2022	2021
	\$	\$
Quebec		
Mount Discovery	486,438	44,855
Decelles	632,166	-
Lac Riel	46,064	-
Lindsay	44,430	-
Other	5,927	-
GreenWinds	21,610	-
Less: tax credits and mining rights	(368,373)	(15,143)
	868,262	29,712

Mount Discovery

On October 26, 2021, the Corporation entered into an agreement to acquire sixty-four (64) mineral claims located in the Province of Quebec in exchange for 4,000,000 common shares of the Corporation (valued at \$100,000, being the fair value) and a 2.5% net smelter return ("NSR") royalty to be retained by the vendors. The Corporation has a right to purchase one-half (1.25%) of the NSR royalty for \$1,000,000. One of the vendors is an officer and a director of the Corporation and has received 2,000,000 common shares of the Corporation. In 2022, the vendors assigned to a company 0.5% of the NSR royalty on a portion of the property. The company is a shareholder of NeoTerrex and a director of the Corporation is an officer of this company.

Decelles, Lac Riel, Lindsay and other properties

The Corporation acquired those properties located in the Province of Quebec through map staking.

GreenWinds

On October 26, 2021, the Corporation entered into an option agreement with two individuals (the "Optionors"). Under the terms of the agreement, the Corporation has an option to earn a 100% interest in GreenWinds project's 82 claims (the "Option") under the following conditions:

- (a) Issuing a total of 5,000,000 common shares of the Corporation to the optionors and with the following schedule:
 - 1,000,000 common shares to the Optionors issued on October 26, 2021 (the "Closing Date") (valued in total at \$25,000 being the fair value);
 - 1,000,000 common shares to the Optionors on or before one year of the Closing Date;
 - 1,000,000 common shares to Optionors on or before two years of the Closing Date; and
 - 2,000,000 common shares to Optionors on or before three years of the Closing Date.
- (b) Upon completion of the Option, the Optionors will transfer a 100% interest in the GreenWinds project to the Corporation; and
- (c) Upon completion of the Option, the Corporation will grant the Optionors a royalty equal to 2.5% of an NSR royalty on the project. The Corporation has a right to purchase one-half (1.25%) of the NSR royalty for \$1,000,000.

On October 17, 2022, the parties to the GreenWinds option agreement accepted to change the issuance date of 1,000,000 common shares of the Corporation to the Optionors, due no later than October 26, 2022, to January 26, 2023. On December 15, 2022, the Corporation gave notice to the Optionors its decision to withdraw from the option agreement effective January 15, 2023.

NeoTerrex Corporation

Notes to Financial Statements

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8. EXPLORATION AND EVALUATION EXPENDITURES (CONT'D)

One of the Optionors is an officer and director of the Corporation and holds a 50% interest in the GreenWinds project.

9. INCOME TAXES

(a) Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the Statement of Loss and Comprehensive Loss can be reconciled as follows:

	2022	2021
	\$	\$
Expected tax recovery calculated using the combined federal and provincial tax rate of 26.5% (26.5% in 2021)	(272,548)	(57,817)
Adjustment to expected income tax benefit		
Tax effect of flow-through renunciation	108,450	-
Reversal of liabilities related to flow-through shares	(37,100)	-
Exploration and evaluation expenditures	-	33,125
Non-deductible expenses and other	(8,106)	(684)
Temporary differences not recognized	209,304	25,376
Income tax expense	-	-

(b) Major components of tax expenses (income)

The major components of tax expenses (income) are outlined below:

	2022	2021
	\$	\$
Origination of temporary differences	(280,654)	(25,376)
Tax effect of flow-through shares renunciation	108,450	-
Reversal of liabilities related to flow-through shares	(37,100)	-
Change in temporary differences not recognized	209,304	25,376
Income tax expense	-	-

(c) Deferred income taxes

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2022		2021	
	Federal	Provincial	Federal	Provincial
	\$	\$	\$	\$
Net operating losses carried-forward	460,897	460,897	109,123	109,123
Share issue cost	328,831	328,831	422,453	422,453
Exploration and evaluation expenditures	273,211	1,238,930	32,296	44,855
	1,062,939	2,028,658	563,872	576,431

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can use the benefits.

The Corporation has available \$460,897 non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses will expire in 2041 for an amount of \$109,123 and 2042 for an amount of \$351,774.

NeoTerrex Corporation

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10. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of equity comprised of share capital, warrants and deficit. The Corporation manages its capital structure and adjusts it, based on the funds available to the Corporation, in order to support the acquisition, exploration and development of mineral properties.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares through equity offerings or return capital to shareholders. The Corporation does not use long term debt since it does not generate operating revenues. There is no dividend policy. The Corporation does not have any externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject unless the Corporation closes a flow-through financing in which case the funds are reserved in use for exploration expenses in Canada (and the Corporation was in compliance during this year).

The properties in which the Corporation has or is earning an interest are in the exploration stage; as such the Corporation has relied on the equity markets to fund its activities. Subject to availability of funding, the Corporation will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geological or economic potential and if it has adequate financial resources to do so.

The Corporation's capital management objectives, policies and processes have remained unchanged during this year.

11. FINANCIAL INSTRUMENTS

Financial Risk Factors

The Corporation has exposure to credit risk and liquidity risk. The Corporation's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Corporation's policies on an ongoing basis to ensure that these risks, which are summarized below, are appropriately managed.

The Corporation does not actively engage in the trading of financial instruments for speculative purposes.

Credit risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its counterparties to fulfill their obligations on maturity periods or due to adverse market conditions.

The Corporation's financial assets exposed to credit risk are primarily composed of cash and cash equivalents. The carrying amount of cash and cash equivalents represents the Corporation maximum credit exposure.

The credit risk for cash and cash equivalent is considered negligible, since the counterparty is a reputable Canadian bank with high quality external credit ratings.

NeoTerrex Corporation

Notes to Financial Statements

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11. CAPITAL MANAGEMENT (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Corporation has financing source for a sufficient amount.

Since its incorporation, the Corporation has financed its exploration and evaluation programs, its working capital requirements and acquisition of mineral properties through private financings and the issuance of equity. As at December 31, 2022, the Corporation has a working capital of \$3,704,628 (\$4,733,112 as at December 31, 2021) including cash and cash equivalents of \$3,310,980 (\$4,961,024 as at December 31, 2021). Management believes it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration expenditures, and to meet its liabilities, obligations and existing commitments for the ensuing twelve months as they fall due.

The Corporation will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

As at December 31, 2022, the contractual maturity of the Corporation's trade payables and accrued liabilities of \$58,072 (\$135,910 as at December 31, 2021) are normally paid within 30 days and are subject to normal trade terms.

Fair value

The carrying value of cash and cash equivalents, and trade payables and accrued liabilities are considered to be a reasonable approximation of their fair value because of the short-term maturity and contractual terms of these instruments.

12. COMPENSATION TO KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS

Compensation to Key management

The Corporation's key management personnel includes the President & Chief Executive Officer, the Vice-President & Corporate Secretary as well as members of the board of directors. Key management remuneration is as follows:

	2022	2021
	\$	\$
Short-term benefits		
Salaries including benefits	133,334	-
Professional and consulting fees	86,228	54,844
Professional fees recorded in share issue cost	-	60,234
Total compensation	219,562	115,118

NeoTerrex Corporation

Notes to Financial Statements

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(In Canadian dollars)

12. COMPENSATION TO KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS (CONT'D)

Effective January 1, 2022, the Corporation entered into a consulting agreement with a wholly owned company of the Vice-President and Corporate Secretary of the Corporation to provide certain consulting services. In addition, on the same date, the Corporation entered into an employment agreement with the President & Chief Executive Officer of the Corporation. These agreements include termination without cause and change of control clauses which would require the one-time payment of an aggregate compensation of \$475,000.

Related party transactions

The following represents the detail of professional and consulting fees with key management.

Mathieu Stephens, who serves as a Director for the Corporation, President & Chief Executive Officer, provides the Corporation with management and exploration consulting services in fiscal 2021. During fiscal 2021, Mr. Stephens billed consulting fees of \$32,781. As at December 31, 2021, there was an outstanding payable of \$37,043 to Mr. Stephens. Effective January 1, 2022, Mr. Stephens became a full-time employee of the Corporation.

Vatche Tchakmakian, who serves as Vice-President & Corporate Secretary, and Director until May 31, 2022, provided the Corporation with management consulting services through his wholly owned company. During fiscal 2022, Mr. Tchakmakian indirectly charged professional fees of \$60,138 (\$17,213 in fiscal 2021) credited to professional and consulting fees (\$60,138 in fiscal 2022 and \$7,353 in fiscal 2021) and share issue cost (Nil in fiscal 2022 and \$9,860 in fiscal 2021). In addition, his company charged \$26,685 (\$2,070 in fiscal 2021) for the support staff in respect of bookkeeping and administrative support. As at December 31, 2022, there was an outstanding payable of \$5,105 (\$22,170 as at December 31, 2021) to Mr. Tchakmakian's company.

A law firm in which Dale Burstall, a Director of the Corporation, is a partner provided the Corporation with legal services. During fiscal 2022, the firm invoiced fees of \$26,090 (\$65,125 in fiscal 2021) credited to professional and consulting fees (\$26,090 in fiscal 2022 and \$14,751 in fiscal 2021) and share issue cost (Nil in fiscal 2022 and \$50,374 in fiscal 2021). The amount billed is based on normal market rates. As at December 31, 2022, there was a payable of \$2,660 (\$73,577 as at December 31, 2021) owing to his firm.

13. SUPPLEMENTAL CASH FLOW INFORMATION

	2022	2021
Changes in non-cash operating working capital:	\$	\$
Sales tax receivable	(48,803)	(31,815)
Tax credit and mining rights receivable	(353,230)	(15,143)
Prepaid expenses	(7,738)	(1,040)
Trade payables and accrued liabilities	(11,425)	75,546
	(421,196)	27,548

During fiscal 2021, the Corporation issued 5,000,000 common shares having a fair value of \$125,000 to acquire mineral claims.

As at December 31, 2021, compensation warrants of \$171,069 is included in share issue cost.

As at December 31, 2021, trade payables and accrued liabilities include \$60,364 related to share issue cost.

NeoTerrex Corporation

Notes to Financial Statements

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14. COMPARATIVE FIGURES

Certain comparative figures in the statements of Loss and Comprehensive Loss have been reclassified to conform to the financial statement presentation adopted in the current year. During the current year, Management fees and Professional and Consulting fees were merged into one account. In addition, an amount included in Other expenses has been reclassified to Professional and Consulting fees.

APPENDIX "F"
MANAGEMENT'S DISCUSSION AND ANALYSIS OF NEOTERREX CORPORATION FOR THE YEAR ENDED DECEMBER 31, 2022 AND FOR THE PERIOD FROM THE DATE OF INCORPORATION ON JULY 7, 2021 TO DECEMBER 31, 2021

(See attached)



Management's Discussion and Analysis

For the year ended December 31, 2022 and
for the 178-day period ended December 31, 2021

This management's discussion and analysis ("**MD&A**") dated March 15, 2023 reflects the assessment by management of the results of the operations and financial condition of NeoTerrex Corporation ("**NeoTerrex**" or the "**Corporation**") and its future prospects. The MD&A should be read in conjunction with the Corporation's audited financial statements (the "**Financial Statements**") as at December 31, 2022 and 2021. The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar figures in this MD&A are in Canadian dollars unless otherwise indicated.

Abbreviation	Definition
Fiscal 2022	Year ended December 31, 2022
Fiscal 2021	178-day period ended December 31, 2021
Q4-2022	Calendar fourth quarter of 2022
Q4-2021	Calendar fourth quarter of 2021
NSR	Net smelter return
REE	Rare Earth Elements
TREO	Total Rare Earth Oxide

Description of Business

The Corporation was incorporated under the *Canada Business Corporation Act* on July 7, 2021. It is engaged in the evaluation, acquisition and exploration of mineral properties for rare earth elements and lithium with its activities focused in prospective areas of Quebec, Canada.

Overall Review

Acquisition of exploration properties

Mount Discovery: In October 2021, the Corporation entered into an agreement to acquire the Mount Discovery property and it increased the area of interest of this property by map staking the following year.

GreenWinds: In October 2021, the Corporation entered into an option agreement to earn 100% interest in the GreenWinds property. On December 15, 2022, the Corporation gave notice to the optionors its decision to withdraw from the option agreement effective January 15, 2023.

Financings

On July 7, 2021, the Corporation issued one (1) common share following incorporation and on September 1, 2021, 1,999,999 common shares, at a price of \$0.025 per common share, for gross proceeds of \$50,000.

On December 22, 2021, the Corporation closed a brokered private placement consisting of 46,844,000 common shares at a price of \$0.10 per common share for gross proceeds of \$4,684,400; and 5,600,000 common shares issued on a flow-through basis, at a price of \$0.125 per flow-through share, for gross proceeds of \$700,000.

Working Capital

The Corporation has a working capital of \$3,704,628 as of December 31, 2022 (\$4,733,112 as of December 31, 2021) which will allow NeoTerrex to execute its planned exploration program and meet its administrative overhead expenses for the following year.

Qualified Person

The disclosure of any scientific and technical information in this MD&A was approved by Mathieu Stephens, P.Geo., NeoTerrex's President, Chief Executive Officer ("**CEO**") and director, and a Qualified Person under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

Results of Operations

The Corporation reported a net loss of \$1,028,484 in Fiscal 2022 compared to a net loss of \$218,178 for Fiscal 2021, noting that NeoTerrex was incorporated in July 2021 and therefore was only active during the second half of 2021. The main variances on the Statement of Loss and Comprehensive Loss are the following:

- Exploration and evaluation expenditures: The Corporation incurred exploration and evaluation expenditures totalling \$1,278,445 (\$169,855 in Fiscal 2021) on its properties and is entitled to a refundable tax credit on qualified exploration expenditures and credit on duties for losses under the Mining Tax Act in Quebec for an amount of \$368,373 (\$15,143 in Fiscal 2021). Total exploration and evaluation expenditures of \$910,072 on the Statement of Loss and Comprehensive Loss (\$154,712 in Fiscal 2021) are net of these tax credits and mining rights. A detailed explanation of NeoTerrex exploration and evaluation expenditures will be covered in the next section.
- Salaries: Effective January 1, 2022, Mathieu Stephens, President & CEO, became a full-time employee of the Corporation. His 2022 annual salary including benefit totals \$133,334. In Fiscal 2021, he billed consulting fees of \$32,781.
- Professional and consulting fees.

	Fiscal 2022	Fiscal 2021
	\$	\$
Consulting fees ^(a)	-	32,781
Accounting and administrative fees ^(b)	86,823	9,422
Legal fees ^(c)	49,957	14,751
Audit and tax services fees ^(d)	19,760	-
	156,540	56,954

- a) Management and exploration consulting fees were billed by the President & CEO in Fiscal 2021. In Fiscal 2022, he became a full-time employee of NeoTerrex.
 - b) Vatche Tchakmakian, who serves as Vice-President & Corporate Secretary, provided the Corporation with consulting services through his wholly owned company. In addition, his company charged fees for the support staff in respect of bookkeeping and administrative support.
 - c) In Fiscal 2022, legal fees were incurred mainly for the negotiation and drafting of agreements in connection to the Mount Discovery property. In Fiscal 2021, legal fees were mostly incurred for financing activities; these fees are recorded as a deduction to share capital in the Statements of Changes in Equity.
 - d) Audit and tax services fees: Relates to fees charged by the auditors for services rendered in Fiscal 2022 for the audit and tax services of Fiscal 2021.
- Insurances, taxes and permits: Following the increase in exploration activities in Fiscal 2022, the Corporation has subscribed two separate insurance policies, one for the liability of directors & officers and the other for commercial general liability.
 - Flow-through premium: All exploration work imposed by the December 2021 flow-through financing was completed in Fiscal 2022. The amount of \$140,000 recognized in liability related to the premium on flow-through shares in Fiscal 2021 was reversed in Fiscal 2022 and is recognized in profit and loss.
 - Finance income relates to interest earned on guaranteed investment certificates from the date of the closing of the private placement on December 22, 2021.

Exploration and Evaluation Activities

The Corporation's exploration and evaluation expenditures were as follows:

	Fiscal 2022	Fiscal 2021
	\$	\$
Mineral acquisition and maintenance costs	41,810	125,000
Exploration and evaluation expenses, net of tax credits and mining rights	868,262	29,712
	910,072	154,712

Mineral acquisition and maintenance costs	Interest	Fiscal 2022	Fiscal 2021
		\$	\$
Quebec			
Mount Discovery	100%	9,910	100,000
Decelles	100%	24,200	-
Lac Riel	100%	2,475	-
Lindsay	100%	2,475	-
Other	100%	2,750	-
GreenWinds	Option - 100%	-	25,000
		41,810	125,000

Mount Discovery

On October 26, 2021, the Corporation entered into an agreement to acquire sixty-four (64) mineral claims located in the Province of Quebec in exchange for 4,000,000 common shares of the Corporation (valued at \$100,000, being the fair value) and a 2.5% NSR royalty. In Fiscal 2022, NeoTerrex acquired by map staking additional claims adjoining the property.

Decelles, Lac Riel, Lindsay and other

In Fiscal 2022, the Corporation acquired those properties through map staking.

GreenWinds

On October 26, 2021, the Corporation entered into an option agreement to earn a 100% interest in eighty-two (82) claims in exchange for 5,000,000 common shares of the Corporation and a 2.5% NSR royalty. 1,000,000 common shares were issued on the execution of the agreement and the balance of common shares were to be issued over the next three years. On December 15, 2022, the Corporation gave notice to the optionors its decision to withdraw from the option agreement effective January 15, 2023. Management decided to forgo the GreenWinds option due to unforeseen challenges with local stakeholders. It was deemed these challenges could take several years to overcome, and thus shareholders would be better served by the Corporation focusing exploration work on its Mount Discovery property.

Exploration and evaluation expenses	Geology and Prospection	Geophysics	Geochemistry	Total Fiscal 2022
	\$	\$	\$	\$
Mount Discovery	370,095	56,054	60,289	486,438
Decelles	303,712	322,031	6,423	632,166
Lac Riel	6,057	40,007	-	46,064
Lindsay	560	43,870	-	44,430
Other	5,927	-	-	5,927
GreenWinds	21,610	-	-	21,610
Sub-total	707,961	461,962	66,712	1,236,635
Less: tax credits and mining rights				(368,373)
				868,262

	Geology and Prospection	Geophysics	Geochemistry	Total Fiscal 2021
	\$	\$	\$	\$
Mount Discovery	9,425	35,430	-	44,855
Less: tax credits and mining rights				(15,143)
Total				29,712

Mount Discovery

The Mount Discovery property was originally acquired in October 2021 for its rare earths potential and is now the focus of the Corporation. The property, which is composed of six (6) claim blocks, is located east of the village of Fort-Coulonge inside Litchfield, Mansfield, Leslie, Huddersfield and Pontefract Townships in the Outaouais administrative region, Province of Québec, Canada. These claim blocks consist of 189 mining titles covering a total area of 11,187.1 hectares 100% owned by Neoterrex. The property is located near infrastructure consisting of both paved and gravel roads and powerlines. The area benefits from a local workforce, hydroelectric dam, and various industries.

The Mount Discovery property and surrounding area has been the focus of sporadic exploration work since mid 1930s. The first work, which was undertaken by the Government of Quebec, focused more on the geological and structural reconnaissance of the greater Pontiac region. As early as the 1950s, a few occurrences of iron and titanium containing magnetite were identified in the area. In the late 1960s, a regional aerial survey was conducted in the Fort-Coulonge area, covering notably the Township of Litchfield and part of the current Mount Discovery property. The survey interpretation seemed to identify injection gneisses and Grenville gneisses including pink graphitic rocks which constitute the underlying geological formation. An occurrence of crystalline limestone was found in the western part of the survey and a number of diabase dykes was also identified in an approximately east-west direction. At the same time, a stream sediment sampling program was carried out in the Litchfield area and delineated several distinctly anomalous radioactive areas. Followed by soil sampling, airborne radiometric surveying and detailed geological mapping, radioactivity was recorded over an extensive area.

From the 1970s to the late 1990s, some regional studies, such as reconnaissance mapping and Landsat image observations, carried out by the Quebec and Canadian governments permitted to re-interpret and update the geological and structural characteristics of the greater Grenville province and thus re-evaluate the mineral potential to better identify favorable zones for exploration and the discovery of industrial, critical and strategic minerals.

In the mid-2000s, prospecting work was also undertaken on the current site of the Mount Discovery property in Litchfield Township. The substances that were sought were gold, silver, copper, zinc, nickel, platinum and palladium. Old trenches and pit rocks, previously owned and maintained by a prospector were sampled for multi-elements but no significant results were obtained. However, trace element of sulphides was identified, and a sample (N-51, GM 62336) revealed traces of gold and copper.

Recently, in 2012, Entreprises Minières du Nouveau-Monde and Tucson Acquisition Corporation, carried out on the Ceres property (which is adjacent to the north to the Mount Discovery Property) prospecting and reconnaissance mapping on historically known showings containing molybdenum, REE, uranium, fluorite, apatite and/or massive sulphide mineralization. The program permitted to highlight graphite mineralization hosted in paragneiss. In addition, scintillometer and gamma-ray spectrometer prospecting on the property led to the collection of selected grab samples returning values of up to 1.82% REE. Sulphide zones were also identified but samples collected returned no significant precious or base metal results.

In Q4 2021, NeoTerrex conducted limited sampling to locate and confirm historical results followed by an airborne radiometric and magnetic survey over the southwest block in Litchfield Township. In Fiscal 2022, NeoTerrex mainly carried out follow-up exploration works consisting of prospection, reconnaissance mapping, stripping and trenching on the southwest block. A magnetic and spectrometric survey was also conducted on the northeast block. Channel sampling at the King showing returned 3.5% TREO over 27.2 metres and 7.5% TREO over 7.25 metres. Most significant results obtained from grab samples are disclosed in the table below:

<u>Showing</u>	<u>% TREO</u>
Rook	1.69
Target I	1.03
Castling	3.58
Pirc	1.09
Target K	2.16
Decoy	4.12
Pawn	8.54
Gambit	3.69
Target J	1.59
Fork	6.57
Sicilian	6.99
Knight	12.86
Bishop	10.23
Blitz	10.1
Grandmaster	7.55
King	14.07

Decelles

The Decelles property, located in the southern portion of the province of Quebec, was acquired by staking in 2022 for its lithium and rare earths potential. Several lithium bearing pegmatites are known to occur in the region and historical data also indicates the presence of rare earth occurrences. The nearby Wells-Lacoursière occurrence returned assays of up to 2.87% lithium (Quebec Ministry of Forest and Natural Resources).

NeoTerrex completed its maiden exploration for the property in Fiscal 2022 by carrying out several airborne geophysical surveys which were followed by a prospecting survey over select areas of interest. Several samples collected returned assays anomalous in lithium pegmatite pathfinders. NeoTerrex will be completing the work report for filing purposes to keep the claims in good standing. No other fieldwork is planned for Fiscal 2023.

Riel

The Riel property, consists of claims located north of Maniwaki in the province of Quebec, were acquired by staking for its lithium potential in Fiscal 2022. A 2018 government regional survey of the entire southwestern portion of the province of Quebec identified the area as having some of the highest lithium and lithium pathfinder elements values in bottom lake sediments of the survey. The property also contains several pegmatite outcrops which have not been assayed.

Another portion of the property contains several pegmatites which contain both lithium and its associated elements (tantalum, fluoride) based on government regional mapping. These pegmatites have never been properly investigated.

NeoTerrex completed its maiden exploration for the property in 2022 by carrying an airborne geophysical survey of the north block of claims. Limited surface work is to be undertaken in 2024 to verify and sample potential pegmatite sites for lithium.

Lindsay Property

The Lindsay property, located in the southwestern portion of the province of Quebec, was acquired by staking due to the presence of a large radiometric anomaly detected by a 2020 government regional survey. The anomaly is similar in strength and shape to well-known rare earths deposits like Kipawa and Niobec and remains currently unexplained due to the lack of any exploration work.

Historical work for the area is limited to a 1973 government regional mapping program which included stream sediment sampling. Only six outcrops were identified on the property and were described as gneiss or muscovite schist. The government report goes on to describe that the weak radioactivity within these schists was due to the presence of monazite, a primary rare earths mineral.

The government funded regional survey also identified a coincidental major north by northeast fault crossing the property and beyond which warrants exploration as it could explain the anomaly and identify mineralization that may be associated with it.

In Fiscal 2022, NeoTerrex conducted its initial work on the property with an airborne radiometric and magnetic survey which allowed to further define the geophysical anomaly and local structural features. Limited surface reconnaissance work consisting of prospecting and geological mapping of the geophysical anomalies will be undertaken during the summer of 2023.

Fourth Quarter

The Corporation reported a net loss of \$488,434 for Q4-2022 compared to a net loss of \$208,497 for Q4-2021. The variance is mainly due to:

- A \$300,500 increase in exploration and evaluation expenditures in Q4-2022 as compared to Q4-2021;
- A \$26,241 (none in Q4-2021) recovery of deferred income taxes was recognized in Q4-2022 to record the amortization, in proportion of the exploration work completed, of the premium related to flow-through shares following the December 2021 private placement; and
- Interest income of \$29,871 (\$595 in Q4-2021) earned in Q4-2022 on cash equivalents throughout the quarter compared to one week in Q4-2021 (from the date of the closing of the private placement on December 22, 2021).

The Corporation's exploration expenditures for the three-month period ended December 31, 2022 and 2021, were as follows:

	Three-month period ended December 31,	
	2022	2021
	\$	\$
Mineral acquisition and maintenance costs	4,881	125,000
Exploration expenses, net of tax credits and mining rights	450,331	29,712
	455,212	154,712

The Corporation acquired the Mount Discovery property and optioned the GreenWinds property for an amount of \$125,000 in Q4-2021. NeoTerrex acquired by map staking additional claims adjoining the Mount Discovery property for an amount of \$4,881.

The exploration and evaluation expenses incurred in Q4-2022 were mainly on the Discovery and Decelles properties in Q4-2022 as compared to limited exploration on the Discovery property in Q4-2021.

Outlook

During the winter season of 2023, there will be no operations on the properties. In Q2-2023, The Corporation intends to launch a prospecting and reconnaissance mapping with trenching and stripping program on the Mount Discovery property with a planned budget of \$700,000. The objective of the program is to demonstrate mineral continuity and size potential of several sites on the property in preparation for the Corporation's maiden drill program. An additional \$400,000 has been budget for drilling towards the end of 2023. Conditional upon the results of the prospecting program, the drilling program might be increased.

The planned budget for the other properties totals \$240,000 for limited surface reconnaissance work consisting of prospecting and geological mapping.

Management is currently in the process of preparing for its initial public offering so that the Corporation can settle on a viable going public transaction in the near future.

Cash Flow

The Corporation is dependent upon raising funds in order to fund future exploration programs. See “*Liquidity and Capital Resources*” and “*Risks Factors*”.

Operating activities

Cash used in operating activities for the year ended December 31, 2022 was \$1,589,680, compared to \$65,630 for the 178-day period ended December 31, 2021. The increased outflows were primarily attributable to the increased exploration activities this fiscal year. In Fiscal 2021, NeoTerrex’ exploration activities started in November 2021 following the acquisition of the Mount Discovery property in October 2021.

Financing activities

For Fiscal 2021, the inflows were from private placements of \$5,434,400 less share issue cost of \$407,746. An amount of \$60,364 of trade payables related to share issue cost of these financings was paid in Fiscal 2022.

Selected Annual Information

	Fiscal 2022	Fiscal 2021
Financial results:	\$	\$
Net loss and comprehensive loss	(1,028,484)	(218,178)
Loss per share, basic and diluted	(0.02)	(0.04)

	As of December 31,	
	2022	2021
Total assets	3,768,749	5,009,022

Summary of Quarterly Information

For the most recent quarters since incorporation

	Q4-2022	Q3-2022	Q2-2022	Q1-2022
	\$	\$	\$	\$
Net loss for the period	(488,434)	(330,250)	(113,683)	(96,117)
Net loss per share – Basic and diluted	(0.008)	(0.006)	(0.002)	(0.002)

	Q4-2021	July 7, 2021 to September 30, 2021 ⁽¹⁾
	\$	\$
Net loss for the period	(208,497)	(9,681)
Net loss per share – Basic and diluted	(0.04)	-

(1) NeoTerrex was incorporated on July 7, 2021.

Quarterly highlights:

- Q4-2021: Acquisition of Mount Discovery property and airborne radiometric and magnetic survey over the southwest block in Litchfield Township;
- Q1-2022 and Q2-2022: Limited exploration activities were carried out on the Mount Discovery property until the end of July 2022 when access to the surface rights were secured. In addition, most of the work was conducted during the summer and fall months due to favorable ground conditions for grassroots surface exploration.
- Q3-2022 and Q4-2022: Mount Discovery: Prospection, reconnaissance mapping, stripping and trenching on the southwest block. A magnetic and spectrometric survey was also conducted on the northeast block. Decelles: airborne geophysical surveys which were followed by a prospecting survey over select areas of interest.

Liquidity and Capital Resources

The Corporation has no history of revenues from its operating activities. The Corporation is not in commercial production on any of its mineral properties and accordingly does not generate cash from operations. During the year ended December 31, 2022, the Corporation had negative cash flow from operating activities, and the Corporation anticipates it will have negative cash flow from operating activities in future periods.

The Corporation has, since its incorporation, financed its activities by raising capital through equity issuances. Until NeoTerrex can generate a positive cash flow position, in order to finance its exploration programs, the Corporation will remain reliant on the equity markets for raising capital, in addition to adjusting spending, disposing of assets and obtaining other non-equity sources of financing.

The Corporation believes it has sufficient cash resources and the ability to raise funds to meet its exploration and administrative overhead expenses and maintain its planned exploration activities for Fiscal 2023. However, there is no guarantee that the Corporation will be able to maintain sufficient working capital in the future due to market, economic and commodity price fluctuations. See "*Risks and Uncertainties*".

Contractual Obligations and Commitments

NeoTerrex has contractual obligations in the normal course of operations including operating agreements, claim rental payment obligation, and employment agreement. These obligations are of a recurring, consistent nature and impact NeoTerrex's cash flows in an ongoing manner.

Flow-through commitment obligations

In December 2021, the Corporation raised \$700,000 through flow-through placements. The Corporation has incurred the entire commitment within the stipulated deadline of December 31, 2022.

Related Party Transactions

Refer to Notes 8 and 12 of the Financial Statements.

Outstanding Share Data

As at March 15, 2023, the Corporation had the following securities outstanding:

	<u>Number</u>
Common shares	59,444,000
Warrants	3,296,300
Fully diluted	<u>62,740,300</u>

Off-balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements.

Management's Responsibility for Financial Information and Critical Accounting Estimates

The Corporation's financial statements are the responsibility of the Corporation's management. The Financial Statements were prepared by the Corporation's management in accordance with IFRS. A description of the Corporation's significant accounting policies can be found in Note 4 of the Corporation's Financial Statements. The Audit Committee of the Corporation carries out its responsibility for the financial statements by meeting periodically with management and auditors to review financial reporting and internal control matters.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The Corporation has identified the critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 4.13 of the Corporation's Financial Statements.

Significant Accounting Standards

See note 4 of the Financial Statements.

New Accounting Standards

The Corporation has reviewed new and amendments to existing accounting standards that have been issued but are not yet effective. The Corporation has not early adopted any new standards and determined that there are no new accounting standards that are relevant to the Corporation.

Financial Instruments

The Corporation considers managing risk as being an integral part of its development and diversification strategies. The Corporation uses a proactive and rigorous approach for the management of the financial risks to which it is exposed. The Corporation's management manages financial risks. The Corporation focuses on actively securing short to medium term cash flows by minimizing the exposures to financial markets.

The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Corporation's most significant financial risk exposure and its financial risk management policies are discussed in Note 11 of the Financial Statements.

Risk Factors

The Corporation's principal activity is mineral exploration and development. Companies in this industry are subject to many kinds of risks, including, but not limited to, operational, technical, environmental, labour, social, political, security, financial, economic, and metals pricing. Additionally, often due to factors that cannot be predicted or foreseen, few exploration projects successfully achieve development. While risk management cannot eliminate the impact of all potential risks, the Corporation strives to manage risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Corporation's business. The risks and uncertainties below are not listed in order of importance, nor are they inclusive of all the risks and uncertainties the Corporation may be subject to, and therefore other risks may apply.

Exploration and Mining Risks

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate or even mitigate. While the discovery of a mineral bearing structure may result in an increase in value for shareholders, few properties which are explored are ultimately developed into producing mines. The property interests owned by the Corporation are in the exploration stage only, are without known bodies of commercial mineralization and the Corporation has no ongoing production at any of them. There is no assurance that any of the projects the Corporation explores or acquires will contain commercially exploitable reserves of minerals. Exploration for natural resources is a speculative venture involving substantial risk. Hazards such as unusual or unexpected geological formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability of the Corporation to obtain suitable machinery, equipment or labour are all risks involved with the conduct of exploration programs and the operation of mines.

Dependence on Exploration Stage Projects

The Corporation has one material property, the Mount Discovery property. As a result, any adverse developments affecting this property could have a material adverse effect upon the Corporation and would materially and adversely affect the potential profitability, financial performance and results of operations of the Corporation. While the Corporation may seek to acquire additional mineral properties that are consistent with its business objectives, there can be no assurance that the Corporation will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Corporation or at all.

Insurance and Uninsured Risks

Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Corporation may become subject to liability for pollution or other hazards, which cannot be insured against or against which the Corporation may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Corporation assets or the insolvency of the Corporation.

Environmental Regulations

The Corporation's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Corporation intends to fully comply with all environmental regulations.

Land Title

While the Corporation has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

Loss of Land Access

Land access is critical for exploration and evaluation to succeed. In all cases the acquisition of prospective property interests is a competitive business, in which propriety knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. Access to land for exploration purposes can be affected by land ownership, including private land and native title land or indigenous claims. Immediate access to land in the areas of activities cannot in all cases be guaranteed. The Corporation may be required to seek consent of land holders or other persons or groups with an interest in real property encompassed by, or adjacent to, the Corporation's concessions.

Compensation may be required to be paid by the Corporation to land holders so that the Corporation may carry out exploration and/or mining activities. Where applicable, agreements with indigenous groups have to be in place before a property interest can be granted. Rights to property interests carry with them various obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety. Failure to observe these requirements could prejudice the right to maintain title to a given area.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

Competition

The Corporation competes with other exploration companies which have greater financial resources and technical facilities for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. The Corporation's ability to locate and increase resources and reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select, acquire and develop suitable properties or prospects. As a result of this competition, the Corporation may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Corporation's revenues, operations and financial condition could be materially adversely affected.

Additional Capital

The development and exploration of the properties in which the Corporation holds an interest will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of the properties in which the Corporation holds an interest or even a loss of property interest. The Corporation has no sources of funding other than financing arrangements with other mining and exploration companies and equity financing. The ability of the Corporation to continue operations into the future is dependent upon continuing to obtain favorable results from its exploration activities, which will affect its ability to attract partners and to raise financing. The participation of partners is very important to the future success of the Corporation. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Corporation.

Commodity Prices

Even if the Corporation's exploration programs are successful, factors beyond the control of the Corporation may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Corporation's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted, but nonetheless may adversely impact the Corporation's ability to raise capital and conduct its operations.

Factors Beyond the Control of the Corporation

The potential profitability of mineral properties is dependent upon many factors beyond the Corporation's control. For instance, world prices of and markets for minerals are unpredictable, highly volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of minerals from mined ore (assuming that such mineral deposits are known to exist) may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in ways the Corporation cannot predict and are beyond the Corporation's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of the Corporation.

Government Regulation

The mineral exploration activities (as well as the potential for eventual mining, processing and development activities) which the Corporation undertakes are subject to extensive laws and regulations governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, waste disposal, water use, land claims of local people, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters. Government approvals, approval of aboriginal people and permits are currently, and may in the future be, required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. The Corporation's mineral exploration and mining activities in the countries in which it operates may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase royalties payable or the costs related to the Corporation's activities or maintaining its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, government-imposed royalties, claim fees, export controls, income taxes, and expropriation of property, environmental legislation and mine safety. The effect of these factors cannot be accurately predicted. Although the Corporation's mining activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail such activities.

Required Permits and Licenses

The Corporation's operations require licenses and permits from various governmental authorities, which licenses and permits are subject to change in various circumstances. There can be no guarantee that the Corporation will be able to obtain or maintain all necessary licenses and permits as are required to explore and develop its properties, commence construction or operation of mining facilities and properties under exploration or development or to maintain continued operations that economically justify the cost.

Key Executives

The Corporation is dependent on the services of key executives, including its directors and a small number of highly skilled and experienced executives and personnel. The Corporation strongly depends on the business and technical expertise of its management and key personnel. Due to the relatively small size of the Corporation, the loss of any of these individuals or the Corporation's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

Conflicts of Interest

Certain directors and officers of the Corporation are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors or officers of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest, which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Corporation will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

Information Systems Security Threats

The Corporation's operations depend upon information technology systems which may be subject to disruption, damage or failure from different sources, including, without limitation, installation of malicious software, computer viruses, security breaches, cyber-attacks and defects in design.

Although to date the Corporation has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Corporation will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority.

As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Taxation

Taxation laws are complicated and may be subject to change. The Corporation may also be subject to review, audit and assessment in the ordinary course. Any such situations could result in higher taxes being payable or require payment of taxes due from previous years, which could adversely affect the Corporation's liquidities. No assurance can be made that Canada Revenue Agency and provincial agencies will agree with the Corporation's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expense under the Income Tax Act (Canada) or any provincial equivalent.

Community Relationships

The Corporation's relationships with the communities in which it operates are critical to ensure the future success of its existing operations and the construction and development of its projects. The Corporation understands that First Nations people have protected constitutional rights and can offer a unique understanding of the environment based on their special connection to the land.

While the Corporation is committed to operating in a socially responsible manner and working towards entering into agreements in satisfaction of such requirements, there is no guarantee that its efforts will be successful, in which case interventions by third parties could have a material adverse effect on the Corporation's business, financial position and operations.

Cautionary Note Regarding Forward-Looking Information

Some statements contained in this MD&A, especially the opinions, the projects, the objectives, the strategies, the estimates, the intent and the expectations of NeoTerrex that are not historical data, are forward looking statements. Such statements can be recognized by the terms “forecast”, “anticipate”, “consider”, “foresee” and other terms and similar expressions. These statements are based on information available at the time they are made, on assumptions established by the management and on the management expectation, acting in good faith, concerning future events and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see above the section Risks Factors). The real results for NeoTerrex could differ in an important way of those which state or that these forward-looking statements show the possibility for. Consequently, it is recommended not to trust unduly these statements. These statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. These statements speak only as of the date of this MD&A. NeoTerrex undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

APPENDIX "G"
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF NEOTERREX CORPORATION
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

(See attached)



Condensed Interim Financial Statements
(Unaudited)

For the six months ended June 30, 2023
Presented in Canadian dollars

NeoTerrex Corporation

Condensed Interim Statements of Financial Position

(Unaudited - In Canadian dollars)

	Note	As at June 30, 2023	As at December 31, 2022 (audited)
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	3	3,274,877	3,310,980
Sales tax receivable		44,272	80,618
Tax credits and mining rights receivable		129,118	368,373
Prepaid expenses		24,038	8,778
Total assets		3,472,305	3,768,749
Liabilities			
Current liabilities			
Trade payables and accrued liabilities		135,068	64,121
Total liabilities		135,068	64,121
Equity			
Share capital	5	4,848,221	4,780,221
Warrants	4	171,069	171,069
Deficit		(1,682,053)	(1,246,662)
Total equity		3,337,237	3,704,628
Total liabilities and equity		3,472,305	3,768,749

Subsequent event (Note 8)

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

NeoTerrex Corporation

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited - In Canadian dollars, except for number of shares)

	Note	Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
Expenses					
Exploration and evaluation expenditures, net of tax credits and mining rights	5	244,693	54,627	275,335	57,567
Salaries	6	53,994	32,054	94,529	64,116
Professional and consulting fees	6	53,995	37,881	104,903	99,599
Conference and promotion		8,672	6,237	8,672	6,237
Insurances, taxes and permits		6,073	2,298	12,080	2,298
Other		939	3,662	11,184	10,384
Total expenses		368,366	136,759	506,703	240,201
Other items					
Flow-through shares premium		-	5,863	-	6,451
Finance income		35,609	17,213	71,312	23,950
Total other items		35,609	23,076	71,312	30,401
Net loss and comprehensive loss		(332,757)	(113,683)	(435,391)	(209,800)
Loss per share – Basic and diluted		(0.006)	(0.002)	(0.007)	(0.004)
Weighted average number of shares outstanding – Basic and diluted					
		59,536,308	59,444,000	59,490,409	59,444,000

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

NeoTerrex Corporation

Condensed Interim Statements of Changes in Equity

(Unaudited - In Canadian dollars)

	Note	Number of Common Shares Outstanding	Share Capital \$	Warrants \$	Deficit \$	Total Equity \$
Balance – December 31, 2022		59,444,000	4,780,221	171,069	(1,246,662)	3,704,628
Acquisition of mineral claims	5	300,000	68,000	-	-	68,000
Net loss and comprehensive loss		-	-	-	(435,391)	(435,391)
Balance – June 30, 2023		59,744,000	4,848,221	171,069	(1,682,053)	3,337,237

		Number of Common Shares Outstanding	Share Capital \$	Warrants \$	Deficit \$	Total Equity \$
Balance – December 31, 2021		59,444,000	4,780,221	171,069	(218,178)	4,733,112
Net loss and comprehensive loss		-	-	-	(209,800)	(209,800)
Balance – June 30, 2022		59,444,000	4,780,221	171,069	(427,978)	4,523,312

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

NeoTerrex Corporation

Condensed Interim Statements of Cash Flows

(Unaudited - In Canadian dollars)

		Six months ended	
		June 30,	
	Note	2023	2022
		\$	\$
Operating activities			
Net loss		(435,391)	(209,800)
Adjustment for:			
Common shares issued for mineral claims acquisition	5	68,000	-
Flow-through shares premium		-	(6,451)
Changes in working capital items	7	331,288	7,720
Net cash from operating activities		(36,103)	(208,531)
Financing activities			
Share issue cost paid in cash	7	-	(60,364)
Net cash from financing activities		-	(60,364)
Net change in cash and cash equivalents		(36,103)	(268,895)
Cash and cash equivalents, beginning of period		3,310,980	4,961,024
Cash and cash equivalents, end of period		3,274,877	4,692,129

Supplemental cash flow information (Note 7)

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

NeoTerrex Corporation

Notes to the Condensed Interim Financial Statements

Six months ended June 30, 2023

(Unaudited - In Canadian dollars)

1. NATURE OF OPERATIONS

NeoTerrex Corporation (“NeoTerrex” or the “Corporation”) is engaged in the evaluation, acquisition and exploration of mineral properties for rare earth elements and lithium with its activities focused in prospective areas in Canada. The Corporation plans to ultimately develop the properties, bring them into production, option or lease the properties to third parties, or sell the properties outright. The Corporation has not determined whether these properties contain mineral reserves that are economically recoverable and the Corporation is considered to be in the exploration stage. The Corporation will periodically have to raise additional funds to continue operations, and while it has been successful in doing since its inception, there can be no assurance it will be able to do so in the future.

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. GENERAL INFORMATION, STATEMENT OF COMPLIANCE WITH IFRS AND BASIS OF PRESENTATION

2.1 General Information

The Corporation was incorporated under the *Canada Business Corporation Act* on July 7, 2021. Its registered office is located at 5390 West River Drive, Ottawa, Ontario, K4M 1G4.

2.2 Statement of Compliance and Basis of Presentation

These condensed interim financial statements (The “Financial Statements”) have been prepared in accordance with *International Financial Reporting Standards* (“IFRS”) as issued by the *International Accounting Standards Board* (“IASB”) applicable to the preparation of interim financial statements, including *International Accounting Standard* (“IAS”) 34, *Interim Financial Reporting*. Accordingly, the Financial Statements do not include all the disclosures required by IFRS for annual financial statements.

The Financial Statements should be read in conjunction with the Corporation’s audited annual financial statements and note thereto for the year ended December 31, 2022, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in the Financial Statements are consistent with those of the Corporation’s previous financial year ended December 31, 2022.

The Board of Directors approved the Financial Statements on October 19, 2023.

2.3 Changes in IFRS Accounting Policies and Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or the *International Financial Reporting Interpretation Committee* that are mandatory for accounting years beginning on or after January 1, 2023. They are not applicable or do not have a significant impact on the Corporation.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. In preparing the Financial Statements, the significant judgements made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Corporation’s audited annual financial statements for the year ended December 31, 2022.

NeoTerrex Corporation

Notes to the Condensed Interim Financial Statements

Six months ended June 30, 2023

(Unaudited - In Canadian dollars)

3. CASH AND CASH EQUIVALENTS

	As at June 30, 2023	As at December 31, 2022 (audited)
	\$	\$
Cash	302,116	208,024
Guaranteed investment certificate ("GIC") bearing interest at 4.65% per annum, redeemable and maturing on February 10, 2024	2,972,761	-
GIC bearing interest at 4.35% per annum, redeemable and maturing on December 22, 2023	-	3,102,956
	3,274,877	3,310,980

4. EQUITY

Warrants

Compensation warrants outstanding as at June 30, 2023 and December 31, 2022 are as follows:

Number of Warrants	Carrying Value	Exercise price	Expiry date
	\$	\$	
2,928,300	153,736	0.10	December 22, 2023
368,000	17,333	0.125	December 22, 2023
3,296,300	171,069		

5. EXPLORATION AND EVALUATION EXPENDITURES

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Mineral acquisition and maintenance costs	80,418	25,311	82,711	25,311
Exploration and evaluation expenses, net of tax credits and mining rights	164,275	29,316	192,624	32,256
	244,693	54,627	275,335	57,567

		Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
Mineral acquisition and maintenance costs	Interest	\$	\$	\$	\$
Quebec					
Mount Discovery	100%	-	4,823	205	4,823
Decelles	100%	-	15,263	-	15,263
Beauchene	100%	-	-	2,088	-
Roman	100%	80,418	-	80,418	-
Other	100%	-	5,225	-	5,225
		80,418	25,311	82,711	25,311

NeoTerrex Corporation

Notes to the Condensed Interim Financial Statements

Six months ended June 30, 2023

(Unaudited - In Canadian dollars)

5. EXPLORATION AND EVALUATION EXPENDITURES (CONT'D)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Exploration and evaluation expenses, net of tax credits and mining rights				
	\$	\$	\$	\$
Quebec				
Mount Discovery	242,000	20,473	269,611	23,413
Decelles	2,090	6,999	4,916	6,999
Lac Riel	724	677	1,284	677
Lindsay	2,123	-	4,083	-
Beauchene	443	-	5,483	-
Roman	723	-	723	-
Greenwinds	-	-	4,800	-
Other	-	1,167	-	1,167
Sub-total	248,103	29,316	290,900	32,256
Less: tax credits and mining rights	(83,828)	-	(98,276)	-
	164,275	29,316	192,624	32,256

Roman

On June 2, 2023, the Corporation entered into an agreement to acquire twenty-five (25) mineral claims located in the Province of Quebec in exchange for a cash payment of \$10,000, 300,000 common shares of the Corporation (valued at \$68,000, being the fair value) and a 2.0% net smelter return ("NSR") royalty to be retained by the vendor. The Corporation has a right to purchase one-half (1%) of the NSR royalty for \$500,000. The vendor is the President, CEO and a director of the Corporation. In addition, the Corporation acquired claims through map staking for an amount of \$2,418 during the six-month period ended June 30, 2023.

Mount Discovery, Decelles, Beauchene and other properties

The Corporation acquired claims through map staking.

GreenWinds

On December 15, 2022, the Corporation gave notice to the Optionors its decision to withdraw from the option agreement effective January 15, 2023.

6. COMPENSATION TO KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS

Compensation to Key management

The Corporation's key management personnel includes the President & Chief Executive Officer, the Vice-President & Corporate Secretary as well as members of the board of directors. Key management remuneration is as follows:

	Three months ended June 30,		Six months ended June 30	
	2023	2022	2023	2022
	\$	\$	\$	\$
Short-term benefits				
Salaries including benefits	53,994	32,054	94,529	64,116
Professional and consulting fees	40,100	13,664	61,268	48,211
Total compensation	94,094	45,718	155,797	112,327

NeoTerrex Corporation

Notes to the Condensed Interim Financial Statements

Six months ended June 30, 2023

(Unaudited - In Canadian dollars)

6. COMPENSATION TO KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS (CONT'D)

Effective January 1, 2022, the Corporation entered into a consulting agreement with a wholly owned company of the Vice-President and Corporate Secretary of the Corporation to provide certain consulting services. In addition, on the same date, the Corporation entered into an employment agreement with the President & Chief Executive Officer of the Corporation. These agreements include termination without cause and change of control clauses which would require the one-time payment of an aggregate compensation of \$475,000.

Related party transactions

The following represents the detail of professional and consulting fees with key management:

Vatche Tchakmakian, who serves as Vice-President & Corporate Secretary, and Director until May 31, 2022, provided the Corporation with management consulting services through his wholly owned company. During the six months ended June 30, 2023, Mr. Tchakmakian indirectly charged professional fees of \$30,285 (\$36,805 during the six months ended June 30, 2022) credited to professional and consulting fees. In addition, his company charged \$15,778 (\$11,655 during the six months ended June 30, 2022) for the support staff in respect of bookkeeping and administrative support. As at June 30, 2023, there was an outstanding payable of \$7,859 (\$6,967 as at June 30, 2022) to Mr. Tchakmakian's company.

A law firm in which Dale Burstall, a Director of the Corporation, is a partner provided the Corporation with legal services. During the six months ended June 30, 2023, the firm invoiced fees of \$30,983 (\$11,406 during the six months ended June 30, 2022) credited to professional and consulting fees. The amount billed is based on normal market rates. As at June 30, 2023, there was a payable of \$20,785 (\$2,377 as at June 30, 2022) owing to his firm.

7. SUPPLEMENTAL CASH FLOW INFORMATION

	Six months ended	
	June 30,	
	2023	2022
Changes in non-cash operating working capital:	\$	\$
Sales tax receivable	36,346	22,230
Tax credits and mining rights receivable	239,255	12,559
Prepaid expenses	(15,260)	(20,906)
Trade payables and accrued liabilities	70,947	(6,163)
	331,288	7,720

As at December 31, 2021, trade payables and accrued liabilities include \$60,364 related to share issue cost.

8. SUBSEQUENT EVENT

Amalgamation Agreement with Spitfyre Capital Inc.

On June 28, 2023, the Corporation entered into a letter of intent with Spitfyre Capital Inc. ('Spitfyre'), superseded by an amalgamation agreement (the "Amalgamation Agreement") dated October 4, 2023, in an arm's length transaction (the "Transaction"), to amalgamate with Spitfyre's wholly-owned subsidiary, 15363497 Canada Inc. ("Subco") to complete Spitfyre's "Qualifying Transaction" under Policy 2.4 - Capital Pool Companies of the TSX Venture Exchange (the "Exchange").

NeoTerrex Corporation

Notes to the Condensed Interim Financial Statements

Six months ended June 30, 2023

(Unaudited - In Canadian dollars)

8. SUBSEQUENT EVENT (CONT'D)

In connection with the Amalgamation, it is intended that Spitfyre will be renamed to "NeoTerrex Incorporated" (the "Resulting Issuer"). The Transaction is subject to the receipt of all necessary regulatory and shareholder approvals required by applicable corporate law, including the approval of the Exchange, as well as the satisfaction of conditions to closing as set out in the Amalgamation Agreement. It is intended the Resulting Issuer will continue the business of NeoTerrex and be listed on the Exchange as a mining issuer, subject to Exchange approval.

Concurrent with the completion of the Transaction, it is expected that all directors and officers of Spitfyre will resign and the directors and officers of the Resulting Issuer will be the present directors and officers of NeoTerrex.

Terms of the Proposed Transaction

Pursuant to the terms of the Amalgamation Agreement, at the effective time of the Amalgamation, NeoTerrex will amalgamate with Subco to form an amalgamated entity ("Amalco"), which will continue as a wholly-owned subsidiary of Spitfyre. In connection with the completion of the Amalgamation, each holder of NeoTerrex shares shall exchange their NeoTerrex shares for common shares in the capital of the Resulting Issuer ("Resulting Issuer Common Shares") on the basis of one (1) fully paid and non-assessable Resulting Issuer Common Share for every one (1) NeoTerrex share held.

In connection with the proposed Transaction, it is expected that 59,744,000 Resulting Issuer Common Shares will be issued to the holders of NeoTerrex Shares (not including NeoTerrex Shares issuable upon the conversion of Subscription Receipts (as defined below)). Based on the number of NeoTerrex Shares outstanding as of the date hereof, and assuming the exchange of each Subscription Receipt into underlying securities, it is expected that there would be a minimum of approximately 72,605,111 Resulting Issuer Common Shares and a maximum of approximately 75,494,000 Resulting Issuer Common Shares (assuming the full exercise of the Agent's Option (as defined below)) outstanding upon completion of the Transaction, on a non-diluted basis. On completion of the Transaction, the current shareholders of Spitfyre are expected to hold an aggregate of approximately 5,750,000 Resulting Issuer Common Shares, representing approximately 7.92% of the minimum number of Resulting Issuer Common Shares and approximately 7.62% of the maximum number of Resulting Issuer Common Shares (assuming the full exercise of the Agent's Option), the current shareholders of NeoTerrex would hold an aggregate of 59,744,000 Resulting Issuer Common Shares, representing approximately 82.29% of the minimum number of Resulting Issuer Common Shares and approximately 79.14% of the maximum number of Resulting Issuer Common Shares (assuming the full exercise of the Agent's Option), and investors in the Private Placement (as defined below) would hold an aggregate of a minimum of approximately 7,111,111 Resulting Issuer Common Shares and a maximum of approximately 10,000,000 Resulting Issuer Common Shares (assuming the full exercise of the Agent's Option), representing approximately 9.79% of the minimum number of Resulting Issuer Common Shares and approximately 13.25% of the maximum number of Resulting Issuer Common Shares.

Private Placement of Subscription Receipts of NeoTerrex and Spitfyre

Prior to the completion of the Transaction, NeoTerrex and Spitfyre are expected to complete a brokered private placement (the "Private Placement"), through a lead agent (the "Agent") with a syndicate of agents, for aggregate gross proceeds \$2,000,000 subject to the Agent's Option, of (a) subscription receipts of NeoTerrex and/or Spitfyre (the "NeoTerrex CS Subscription Receipts" and the "Spitfyre CS Subscription Receipts", respectively, hereafter collectively referred to as the "CS Subscription Receipts"), at a price of \$0.25 per CS Subscription Receipt, and (b) flow-through subscription receipts of NeoTerrex (the "NeoTerrex FT Subscription Receipts" and, together with the CS Subscription Receipts, the "Subscription Receipts"), at a price of \$0.30 per NeoTerrex FT Subscription Receipt, provided that the aggregate gross proceeds from the sale of the NeoTerrex FT Subscription Receipts may not be greater than two times the aggregate gross proceeds from the sale of the CS Subscription Receipts. It is anticipated that the Agent will be granted an option, exercisable in whole or in part at the closing of the Private Placement, to increase the size of the Private Placement by up to an aggregate of \$500,000 (the "Agent's Option").

NeoTerrex Corporation

Notes to the Condensed Interim Financial Statements

Six months ended June 30, 2023

(Unaudited - In Canadian dollars)

8. SUBSEQUENT EVENT (CONT'D)

Each CS Subscription Receipt will be automatically converted, without payment of additional consideration or further action by the holder thereof, into one unit comprised of, as applicable, (a) one NeoTerrex Share and one-half of one common share purchase warrant of NeoTerrex (each whole warrant, a "NeoTerrex Warrant") or (b) one common share in the capital of Spitfyre ("Spitfyre Share") and one-half of one common share purchase warrant of Spitfyre (each whole warrant, a "Spitfyre Warrant"), subject to adjustment in certain events, immediately before the completion of the Transaction upon the satisfaction or waiver of the Escrow Release Conditions (as to be defined in the Subscription Receipt Agreements) on or before December 31, 2023 (the "Escrow Release Deadline"). Each NeoTerrex Warrant will entitle the holder thereof to acquire one NeoTerrex Share at a price of \$0.40 per NeoTerrex Share for a period of 24 months following the date of issuance thereof, subject to adjustment in certain events. Each Spitfyre Warrant will entitle the holder thereof to acquire one Spitfyre Share at a price of \$0.40 per Spitfyre Share for a period of 24 months following the date of issuance thereof, subject to adjustment in certain events.

Each NeoTerrex FT Subscription Receipt will be automatically converted, without payment of additional consideration or further action by the holder thereof, into one NeoTerrex Share issued on a flow-through basis under the Income Tax Act (Canada), subject to adjustment in certain events, immediately before the completion of the Transaction upon the satisfaction or waiver of the Escrow Release Conditions on or before the Escrow Release Deadline.

In consideration for their services in connection with the Private Placement, NeoTerrex will pay to the Agent a cash commission equal to 7.5% of the aggregate gross proceeds from the sale of the Subscription Receipts. As additional consideration for the services of the Agent, concurrently with the exchange of the Subscription Receipts into underlying securities (if and when), NeoTerrex and Spitfyre will issue to the Agent warrants to purchase NeoTerrex Shares and/or Spitfyre Shares, as applicable, in an amount equal to 7.5% of the number of issued CS Subscription Receipts (including CS Subscription Receipts issued pursuant to the exercise of the Agent's Option), which warrants shall be exercisable at any time up to 24 months following the date of issuance thereof at a price of \$0.25 per share (the "CS Broker Warrants"), and in an amount equal to 7.5% of the number of issued NeoTerrex FT Subscription Receipts (including NeoTerrex FT Subscription Receipts issued pursuant to the exercise of the Agent's Option), which warrants shall be exercisable at any time up to 24 months following the date of issuance thereof at a price of \$0.30 per share ("NeoTerrex FT Broker Warrants", and together with the CS Broker Warrants, the "Broker Warrants"). A reduced cash commission equal to 3% is payable and a reduced number equal to 3% of Broker Warrants are issuable in respect of the sale of Subscription Receipts (including Subscription Receipts issued pursuant to the exercise of the Agent's Option) to purchasers identified by NeoTerrex or Spitfyre to the Agent up to a maximum aggregate total of \$750,000 of the amount of the Private Placement. As further consideration for the services provided in connection with the Private Placement, NeoTerrex has agreed to pay the Agent a non-refundable work fee of \$20,000.

The completion of the Amalgamation is conditional on obtaining all necessary regulatory and shareholder approvals in connection with the matters described above and other conditions customary for a transaction of this type. Spitfyre and NeoTerrex anticipate closing the Transaction in mid to late December 2023.

APPENDIX "H"
MANAGEMENT'S DISCUSSION AND ANALYSIS OF NEOTERREX CORPORATION FOR THE SIX
MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

(See attached)



Management's Discussion and Analysis

For the six-month period ended June 30, 2023

This management's discussion and analysis ("**MD&A**") dated October 19, 2023 reflects the assessment by management of the results of the operations and financial condition of NeoTerrex Corporation ("**NeoTerrex**" or the "**Corporation**") and its future prospects for the six-month period ended June 30, 2023. The MD&A should be read in conjunction with the accompanying condensed unaudited interim financial statements of the Corporation (the "**Financial Statements**") as at and for the six-month period ended June 30, 2023 and with the Corporation's audited financial statements (the "**Annual Financial Statements**") as at and for the year ended December 31, 2022.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar figures in this MD&A are in Canadian dollars unless otherwise indicated.

The MD&A is subject to the same disclaimers in respect of forward-looking information as have been provided in the annual MD&A. The forward-looking information is only provided as of the date of this MD&A.

Abbreviation	Definition
Fiscal 2023	Year ended December 31, 2023
Fiscal 2022	Year ended December 31, 2022
YTD Q2-2023	Six-month period ended June 30, 2023
YTD Q2-2022	Six-month period ended June 30, 2022
NSR	Net smelter return
REE	Rare Earth Elements
TREO	Total Rare Earth Oxide

Description of Business

The Corporation was incorporated under the *Canada Business Corporation Act* on July 7, 2021. It is engaged in the evaluation, acquisition and exploration of mineral properties for rare earth elements and lithium with its activities focused in prospective areas of Quebec, Canada.

Overall Review

Proposed Transaction

On October 4, 2023 the Corporation has entered into a definitive amalgamation agreement with Spitfyre Capital Inc. ("Spitfyre"), a capital pool company as defined under Policy 2.4 – Capital Pool Companies of the TSX Venture Exchange (the "**Exchange**").

Pursuant to an amalgamation agreement (the "Amalgamation Agreement"), Spitfyre's wholly owned subsidiary, 15363497 Canada Inc., will amalgamate with NeoTerrex (the "**Amalgamation**") to complete the qualifying transaction (the "**Transaction**") in accordance with the policies of the Exchange. Upon completion of the Amalgamation, the resulting issuer will be known as "NeoTerrex Incorporated" (the "**Resulting Issuer**") and the Resulting Issuer will continue the business of NeoTerrex. The Transaction is subject to the receipt of all necessary regulatory approvals and shareholder approvals required by applicable corporate law, including the approval of the shareholders of NeoTerrex, successful completion of a concurrent financing (refer to Subsequent Event disclosure in Note 8 to the Financial Statements) as well as the satisfaction of conditions to closing as set out in the Amalgamation Agreement.

Acquisition of the Roman property

On June 2, 2023, the Corporation acquired the Roman property located in Côte-Nord, province of Quebec. The property was acquired because it holds potentially valuable land for lithium.

Working Capital

The Corporation has a working capital of \$3,337,237 as of June 30, 2023 (\$3,704,628 as of December 31, 2022). Contingent on the closing of the Proposed Transaction, NeoTerrex plans to carry out exploration work on the Mount Discovery property based on the recommendations of a National Instrument 43-101F1 technical report dated September 15, 2023.

Qualified Person

The disclosure of any scientific and technical information in this MD&A was approved by Mathieu Stephens, P.Geo., NeoTerrex's President, Chief Executive Officer ("CEO") and director, and a Qualified Person under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

Results of Operations

The Corporation reported a net loss of \$432,391 in YTD Q2-2023 compared to \$209,800 in YTD Q2-2022. The net loss increased in the three and six months ended June 30, 2023 compared to the comparative periods of 2022 due mainly to additional costs associated with accelerating exploration and evaluation activities after access to the Mount Discovery property was secured in the third quarter of 2022.

The main variances on the Statement of Loss and Comprehensive Loss are the following:

Exploration and evaluation expenditures: The Corporation incurred exploration and evaluation expenditures totalling \$373,611 in YTD Q2-2023 (\$57,567 in YTD Q2-2022) on its properties and is entitled to a refundable tax credit on qualified exploration expenditures and credit on duties for losses under the Mining Tax Act in Quebec for an amount of \$98,276 (\$Nil in YTD Q2-2022). Total exploration and evaluation expenditures of \$275,335 on the Statement of Loss and Comprehensive Loss (\$57,567 in YTD Q2-2022) are net of these tax credits. Most of the exploration work was conducted during the summer and fall months due to favorable ground conditions for grassroots surface exploration. A detailed explanation of NeoTerrex exploration and evaluation expenditures will be covered in the next section.

- Salaries consists of the President & CEO remuneration for \$75,000 (\$59,500 in YTD Q2-2022), director fees for \$13,500 (Nil in YTD Q2-2022) in addition to fringe benefits of \$6,029 (\$4,616 in YTD Q2-2022) for YTD Q2-2023.
- Professional and consulting fees.

	Three months ended June 30		Six-month ended June 30,	
Professional and consulting fees	2023	2022	2023	2022
			\$	\$
Accounting and administrative fees ^(a)	21,645	16,645	46,063	48,460
Legal fees ^(b)	26,510	22,077	33,240	31,379
Audit and tax services fees ^(c)	2,090	(841)	21,850	19,760
Other	3,750	-	3,750	-
	53,995	37,881	104,903	99,599

- a) Vatche Tchakmakian, who serves as Vice-President & Corporate Secretary, provided the Corporation with consulting services through his wholly owned company. In addition, his company charged fees for the support staff in respect of bookkeeping and administrative support.
- b) In YTD Q2-2023, legal fees were incurred mainly in relation to the Proposed Transaction. In YTD Q2-2022, mainly for the negotiation and drafting of agreements in connection to the Mount Discovery project.
- c) Audit: Relates to fees charged by the auditors for services rendered for the audit and tax services of Fiscal 2022 and 2021 respectively.

- d) Insurances, taxes and permits: Following the increase in exploration activities in Fiscal 2022, the Corporation has subscribed two separate insurance policies during the second quarter of 2022, one for the liability of directors & officers and the other for commercial general liability.
- e) Finance income relates to interest earned on guaranteed investment certificates from the closing date of the private placement in December 2021. The increase in YTD Q2-2023 as compared to the comparable period of the prior year is due to the rising interest rate.

Exploration Activities

The Corporation's exploration and evaluation expenditures were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Mineral acquisition and maintenance costs	80,418	25,311	82,711	25,311
Exploration and evaluation expenses, net of tax credits and mining rights	164,275	29,316	192,624	32,256
	244,693	54,627	275,335	57,567

Mineral acquisition and maintenance costs	Interest	Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
Quebec					
Mount Discovery	100%	-	4,823	205	4,823
Decelles	100%	-	15,263	-	15,263
Beauchene	100%	-	-	2,088	-
Roman	100%	80,418	-	80,418	-
Other	100%	-	5,225	-	5,225
		80,418	25,311	82,711	25,311

Roman:

On June 2, 2023, the Corporation acquired twenty-five (25) mineral claims located in the Province of Quebec from Mathieu Stephens, President, CEO and director of the Corporation in exchange for a cash payment of \$10,000, 300,000 common shares of the Corporation (valued at \$68,000, being the fair value) and a 2.0% NSR royalty to be retained by the vendor. The Corporation has a right to purchase one-half (1%) of the NSR royalty for \$500,000. The property was acquired because it holds potentially valuable land for lithium. In addition, the Corporation acquired fifteen (15) claims adjoining the property through map staking during the six-month period ended June 30, 2023.

Mount Discovery, Decelles, Beauchene and other properties

Mineral acquisition cost relates to the acquisition of additional claims adjoining the properties by map staking.

Exploration and evaluation expenses	Geology and Prospection	Geophysics	Geochemistry	Total YTD Q2-2023
	\$	\$	\$	\$
Mount Discovery	266,755	-	2,856	269,611
Decelles	3,594	-	1,322	4,916
Lac Riel	1,284	-	-	1,284
Lindsay	4,083	-	-	4,083
Beauchene	5,483	-	-	5,483
Roman	723	-	-	723
GreenWinds	4,800	-	-	4,800
Sub-total	286,722	-	4,178	290,900
Tax credits				(98,276)
				192,624

Exploration and evaluation expenses	Geology and Prospection	Geophysics	Geochemistry	Total YTD Q2-2022
	\$	\$	\$	\$
Mount Discovery	20,073	-	3,340	23,413
Decelles	6,999	-	-	6,999
Lac Riel	677	-	-	677
Other	1,167	-	-	1,167
Sub-total	28,916	-	3,340	32,256
Tax credits				-
				32,256

Mount Discovery

The Mount Discovery property was originally acquired in 2021 for its rare earths potential and is now the focus of the Corporation. The property is situated in southwestern Quebec near the town of Fort-Coulonge and is located near infrastructure consisting of both paved and gravel roads and powerlines. The area benefits from a local workforce, hydroelectric dam, and various industries.

Limited exploration activities were carried out on this property until the end of July 2022 when access to the surface rights were secured. In 2022, NeoTerrex mainly carried out follow-up exploration works consisting of prospection, reconnaissance mapping, stripping and trenching on the southwest block. A magnetic and spectrometric survey was also conducted on the northeast block.

In May 2023, the Corporation launched a prospecting and reconnaissance mapping program which was followed with trenching and stripping over the most prospective areas of the property. In mid-June, 2023, work was paused for a period of 5 weeks due to access restrictions imposed following the event of large-scale forest fires in the province.

As of the date of the MD&A, a total of 22 REE occurrences (>1% TREO) have been located on the property and eight different sites have been excavated, with at least two (King and Sicilian) demonstrating mineralization continuity and size potential. Channel sampling results from King returned 27.2 metres of 3.5% TREO. Exploration is ongoing for the fall of 2023.

This property is the subject of a National Instrument 43-101 technical evaluation report dated September 15, 2023.

Cash Flow

The Corporation is dependent upon raising funds in order to fund future exploration programs. See “*Liquidity and Capital Resources*” and “*Risks Factors*”.

Operating activities

Cash used in operating activities for the YTD Q2-2023 was \$36,103, compared to \$208,531 for the YTD Q2-2022. The decrease in cash outflows is primarily attributable to the refund of Fiscal 2022 tax credits, offset by increased exploration and evaluation activities.

Financing activities

An amount of \$60,364 of trade payables related to share issue cost of the private placement financing completed in December 2021 was paid in Fiscal 2022.

Summary of quarterly information

	Q2-2023	Q1-2023	Q4-2022	Q3-2022
	\$	\$	\$	\$
Net loss for the period	(332,757)	(102,634)	(488,434)	(330,250)
Net loss per share – Basic and diluted	(0.006)	(0.001)	(0.008)	(0.006)

	Q2-2022	Q1-2022	Q4-2021	Q3-2021
	\$	\$	\$	\$
Net loss for the period	(113,683)	(96,117)	(208,497)	(9,681)
Net loss per share – Basic and diluted	(0.002)	(0.002)	(0.04)	-

Quarterly highlights

- f) Q4-2021: Acquisition of Mount Discovery property and airborne radiometric and magnetic survey over the southwest block in Litchfield Township;
- g) Q1-2022 and Q2-2022: Limited exploration activities were carried out on the Mount Discovery property until the end of July 2022 when access to the surface rights were secured. In addition, most of the exploration work was conducted during the summer and fall months due to favorable ground conditions for grassroots surface exploration.
- h) Q3-2022 and Q4-2022: Mount Discovery: Prospection, reconnaissance mapping, stripping and trenching on the southwest block. A magnetic and spectrometric survey was also conducted on the northeast block.
Decelles: airborne geophysical surveys which were followed by a prospecting survey over select areas of interest.
- i) Q1-2023 and Q2-2023: Most of the exploration work was conducted during the summer and fall months due to favorable ground conditions for grassroots surface exploration. In May 2023, the Corporation launched its summer/fall program.

Liquidity and Capital Resources

The Corporation has no history of revenues from its operating activities. The Corporation is not in commercial production on any of its mineral properties and accordingly does not generate cash from operations. During the six-month period ended June 30, 2023, the Corporation had negative cash flow from operating activities, and the Corporation anticipates it will have negative cash flow from operating activities in future periods.

The Corporation has, since its incorporation, financed its activities by raising capital through equity issuances. Until NeoTerrex can generate a positive cash flow position, in order to finance its exploration programs, the Corporation will remain reliant on the equity markets for raising capital, in addition to adjusting spending, disposing of assets and obtaining other non-equity sources of financing. However, there is no guarantee that the Corporation will be able to maintain sufficient working capital in the future due to market, economic and commodity price fluctuations. See "*Risks and Uncertainties*".

Contingent on the closing of the Proposed Transaction, NeoTerrex plans to execute the exploration work on the Mount Discovery property as recommended by the National Instrument 43-101 technical evaluation report dated September 15, 2023.

Contractual Obligations and Commitments

NeoTerrex has contractual obligations in the normal course of operations including operating agreements, claim rental payment obligation, and employment agreement. These obligations are of a recurring, consistent nature and impact NeoTerrex's cash flows in an ongoing manner.

Related Party Transactions

Refer to Notes 5 and 6 of the Financial Statements.

Outstanding Share Data

As at October 19, 2023, the Corporation had the following securities outstanding:

	Number
Common shares	59,744,000
Warrants	3,296,300
Fully diluted	<u>63,040,300</u>

Off-balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements.

Management's Responsibility for Financial Information and Critical Accounting Estimates

The Corporation's financial statements are the responsibility of the Corporation's management. The Financial Statements were prepared by the Corporation's management in accordance with IFRS. A description of the Corporation's significant accounting policies can be found in Note 4 of the Corporation's Annual Financial Statements. The Audit Committee of the Corporation carries out its responsibility for the financial statements by meeting periodically with management and auditors to review financial reporting and internal control matters.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The Corporation has identified the critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 4.13 of the Corporation's Annual Financial Statements.

Significant Accounting Standards

See note 4 of the Annual Financial Statements.

New Accounting Standards

The Corporation has reviewed new and amendments to existing accounting standards that have been issued but are not yet effective. The Corporation has not early adopted any new standards and determined that there are no new accounting standards that are relevant to the Corporation.

Financial Instruments

The Corporation considers managing risk as being an integral part of its development and diversification strategies. The Corporation uses a proactive and rigorous approach for the management of the financial risks to which it is exposed. The Corporation's management manages financial risks. The Corporation focuses on actively securing short to medium term cash flows by minimizing the exposures to financial markets.

The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Corporation's most significant financial risk exposure and its financial risk management policies are discussed in Note 11 of the Annual Financial Statements.

Subsequent Event

Amalgamation Agreement with Spitfyre Capital Inc.

For additional details on the Amalgamation Agreement with Spitfyre Capital Inc., refer to Note 8 to the Financial Statements.

Risk Factors

The Corporation's principal activity is mineral exploration and development. Companies in this industry are subject to many kinds of risks, including, but not limited to, operational, technical, environmental, labour, social, political, security, financial, economic, and metals pricing. Additionally, often due to factors that cannot be predicted or foreseen, few exploration projects successfully achieve development. While risk management cannot eliminate the impact of all potential risks, the Corporation strives to manage risks to the extent possible and practicable.

Details of risk factors are outlined in the Corporation's 2022 annual MDA.

Cautionary Note Regarding Forward-Looking Information

Some statements contained in this MD&A, especially the opinions, the projects, the objectives, the strategies, the estimates, the intent and the expectations of NeoTerrex that are not historical data, are forward looking statements. Such statements can be recognized by the terms "forecast", "anticipate", "consider", "foresee" and other terms and similar expressions. These statements are based on information available at the time they are made, on assumptions established by the management and on the management expectation, acting in good faith, concerning future events and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see above the section Risks Factors). The real results for NeoTerrex could differ in an important way of those which state or that these forward-looking statements show the possibility for. Consequently, it is recommended not to trust unduly these statements. These statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. These statements speak only as of the date of this MD&A. NeoTerrex undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

APPENDIX "I"
CARVE-OUT FINANCIAL STATEMENTS OF THE STAKING BUSINESS ACQUIRED BY
NEOTERREX CORPORATION FROM THE MDP VENDORS IN RESPECT OF THE PERIOD FROM
JANUARY 1, 2021 TO OCTOBER 26, 2021

(See attached)

Mount Discovery Property

Carve-Out Financial Statements

For the period from January 1, 2021 to October 26, 2021

Presented in Canadian dollars

Independent Auditor's Report

Raymond Chabot
Grant Thornton LLP
1000 Germain Street
Val-d'Or, Quebec
J9P 5T6

T 819-825-6226

To the Board of Directors of
NeoTerrex Coporation

Opinion

We have audited the carve-out financial statements of Mount Discovery Property (hereafter "the Property"), which comprise the carve-out statement of financial position as at October 26, 2021, and the carve-out statement of loss and comprehensive loss, the carve-out statement of changes in equity and the carve-out statement of cash flows for the period from January 1 to October 26, 2021, and notes to carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the carve-out financial position of the Property as at October 26, 2021, and its financial performance and its cash flows for the period from January 1 to October 26, 2021 in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the carve-out financial statements" section of our report. We are independent of the Property in accordance with the ethical requirements that are relevant to our audit of the carve-out 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 2 to the carve-out financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the the Property's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the carve-out financial statements

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with International Financial Reporting Standards (IFRS), 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 carve-out financial statements, management is responsible for assessing the Property'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 Property or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the carve-out financial statements

Our objectives are to obtain reasonable assurance about whether the carve-out 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 carve-out 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 Property'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 Property'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 carve-out 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 Property to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out 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.

1

Raymond Cholet Grant Thornton LLP

Val-d'Or
November 14, 2023

¹ CPA auditor, public accountancy permit no. A109964

Mount Discovery Property
Carve-Out Statement of Financial Position
(In Canadian dollars)

	As at October 26, 2021
	\$
Total assets	-
Total liabilities	-
Equity	
Capital Contribution	4,241
Deficit	(4,241)
Total equity	-
Total liabilities and equity	-

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

On behalf of the Board of Directors

(s) V.E. Dale Burstall
Director

(s) Mathieu Stephens
Director

Mount Discovery Property

Carve-Out Statement of Loss and Comprehensive Loss

(In Canadian dollars)

	January 1 to October 26, 2021
	\$
Expenses	
Exploration and evaluation expenditure	2,479
Total expenses	2,479
Net loss and comprehensive loss	(2,479)

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

Mount Discovery Property
Carve-out Statement of Changes in Equity
(In Canadian dollars)

	Capital Contribution	Deficit	Total Equity
	\$	\$	\$
Balance – December 31, 2020	1,762	(1,762)	-
Capital contribution	2,479	-	2,479
Net loss and comprehensive loss	-	(2,479)	(2,479)
Balance – October 26, 2021	4,241	(4,241)	-

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

Mount Discovery Property
Carve-Out Statement of Cash Flows
(In Canadian dollars)

	January 1 to October 26, 2021
	\$
Operating activities	
Net loss	(2,479)
Net cash used by operating activities	(2,479)
Financing activities	
Capital contribution	2,479
Net cash from financing activities	2,479
Change in cash	-
Cash, beginning of period	-
Cash, end of period	-

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

Mount Discovery Property
Notes to Carve-Out Financial Statements
For the period from January 1 to October 26, 2021
(In Canadian dollars)

1. BASIS OF PRESENTATION

The Mount Discovery property (the “Property”) is located in the Province of Quebec, Canada.

These carve-out financial statements have been prepared for the specific purpose of inclusion in Spitfyre Capital Inc’s (“Spitfyre”) listing statement dated November 14, 2023 (the “Listing Statement”) in respect of the “Qualifying Transaction” of Spitfyre under Policy 2.4 – Capital Pool Companies of the Exchange involving the amalgamation of NeoTerrex Corporation (“NeoTerrex”) and 15363497 Canada Inc.

These carve-out financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

These carve-out financial statements reflect the financial position, statement of loss and comprehensive loss, equity and cash flows related to the Property undertaken by Mathieu Stephens, an officer and director of NeoTerrex and Glenn Griesbach (the “Prospectors”) prior to being acquired by NeoTerrex on October 26, 2021.

As NeoTerrex has not historically prepared financial statements for its exploration claims and since the Property was owned by the Prospectors prior to being acquired by NeoTerrex, these carve-out financial statements have been prepared from the financial records of the Prospectors on a carve-out basis. The Property was solely operated by the Prospectors, and the Property relied exclusively on the Prospectors to fund its operations.

These carve-out financial statements were approved and authorised for issue by the Board of Directors of NeoTerrex on November 14, 2023.

2. NATURE OF THE BUSINESS AND GOING CONCERN

The Property is at an exploration and evaluation stage and the business is focused on one operating segment being the acquisition of mineral claims, in Canada. The business of mineral claim acquisition involves a high degree of risk and there can be no assurance that the Property’s claims will be sold at a profit. The recoverability of the Property’s claim staking expenditures is dependent upon securing and maintaining title and beneficial interest in the Property; finding a party interested in acquiring the claims and the change in price of rare earth elements in relation to other commodities; all of which are uncertain.

These carve-out financial statements have been prepared on a going concern basis which assumes that the Property will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Property are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. These material uncertainties may cast significant doubt upon the Property’s ability to continue as a going concern. If the Property is unable to secure additional financing, repay liabilities as they come due, and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the carve-out statement of financial position classifications used. These carve-out financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Property be unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of presentation

The carve-out financial statements have been prepared on the historical cost basis and extracted from historical accounting records of the Prospectors.

Mount Discovery Property

Notes to Carve-Out Financial Statements

For the period from January 1 to October 26, 2021

(In Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Functional and presentation currency

The carve-out Financial Statements are presented in Canadian dollars which is also the functional currency of the Property.

3.3 Financial assets and liabilities

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Property becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are initially measured at fair value adjusted for transaction costs, if any.

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- Amortized cost;
- Fair value through profit or loss ("FVTPL");
- Fair value through other comprehensive income ("FVOCI").

In the periods presented, the Property does not have any financial assets categorised as FVTPL or FVOCI.

The classification is determined by both the Property's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the carve-out Statements of Loss and Comprehensive Loss are presented within finance income or finance cost, if any.

Subsequent valuation of financial assets – financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following condition:

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Impairment of financial assets

Financial assets at amortized cost are subject to impairment. The impairment provisions use the expected credit loss model. The Property considers a broader range of information when assessing credit losses, including past events, current conditions, reasonable and supportable forecasts that affect expected collectability of future cash flows of the financial instrument.

Mount Discovery Property

Notes to Carve-Out Financial Statements

For the period from January 1 to October 26, 2021

(In Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

3.4 Exploration and evaluation expenses

The Property is in the early stage of operations and expenses all expenditures related to its exploration and evaluation properties. Under this method, all amounts shown as exploration and evaluation expenses represent costs incurred during the period.

3.5 Income taxes

The Property is not a legal entity for all periods presented and as such is not a standalone taxable entity. Current and deferred income taxes and income tax expense have been recognized in the carve-out financial statements as if the Exploration Business was a separate taxable entity, using a standalone taxpayer approach. Income tax expense is comprised of current and deferred income tax.

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income taxes are calculated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases.

Deferred tax assets are recognized to the extent that is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Property's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

3.6 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets, liabilities and the disclosure of contingent assets and liabilities at the date of the carve-out financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The following critical accounting policies were identified under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

In particular, the following areas were identified where significant judgments, estimates, and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the carve-out Financial Statements.

Mount Discovery Property

Notes to Carve-Out Financial Statements

For the period from January 1 to October 26, 2021

(In Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant management judgment

The following significant management judgment, in applying the accounting policies of the Property, has the most significant effect on the Financial Statements.

Going Concern

The assessment of the Property's ability to continue on a going concern basis, to obtain sufficient funds to cover ongoing expenses and to meet its obligations for the coming year involves a large part of judgment based on past experience and other factors, including expectations of future events that are considered reasonable in the circumstances.

4. CAPITAL MANAGEMENT

The Property's objectives when managing capital are to safeguard the Property's ability to continue as a going concern, so that it can continue to provide returns and benefits to its stakeholders.

The Property considers the items included in the carve-out statements of changes in equity as capital. The Property manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Property is not subject to externally imposed capital requirements.

The Property considers its capital to be its capital contribution of its owners, which at October 26, 2021 was a deficit of \$4,241. The Property relies on its owners for the ongoing management of its capital.

5. FINANCIAL INSTRUMENTS

The Property does not have any financial instruments recorded at fair value and that require classification within the fair value hierarchy.

Liquidity risk

Liquidity risk is the risk that the Property will not be able to meet its financial obligations as they become due. The Property has financed its staking of claims costs through the owners private funds.

All of the Property's financial liabilities are normally paid within 30 days and are subject to normal trade terms. The Property has no source of operating cash flow to fund its claims acquisition. Funding for projects requires equity or debt financing. The Property has limited financial resources and there is no assurance that funding will always be available to allow the Property to fulfill its obligations on existing or future exploration projects.

APPENDIX "J"
CARVE-OUT FINANCIAL STATEMENTS OF THE STAKING BUSINESS ACQUIRED BY
NEOTERREX CORPORATION FROM THE ROMAN VENDOR IN RESPECT OF THE TWELVE
MONTHS ENDED JUNE 2, 2023 AND JUNE 2, 2022

(See attached)

Roman Property

Carve-Out Financial Statements

For the years ended June 2, 2023 and 2022

Presented in Canadian dollars

Independent Auditor's Report

Raymond Chabot
Grant Thornton LLP
1000 Germain Street
Val-d'Or, Quebec
J9P 5T6

T 819-825-6226

To the Board of Directors of
NeoTerrex Coporation

Opinion

We have audited the carve-out financial statements of Roman Property (hereafter "the Property"), which comprise the carve-out statements of financial position as at June 2, 2023 and 2022, and the carve-out statements of loss and comprehensive loss, the carve-out statements of changes in equity and the carve-out statements of cash flows for the years then ended, and notes to carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the carve-out financial position of the Property as at June 2, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the carve-out financial statements" section of our report. We are independent of the Property in accordance with the ethical requirements that are relevant to our audit of the carve-out 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 2 to the carve-out financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the the Property's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the carve-out financial statements

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with International Financial Reporting Standards (IFRS), 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 carve-out financial statements, management is responsible for assessing the Property'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 Property or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the carve-out financial statements

Our objectives are to obtain reasonable assurance about whether the carve-out 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 carve-out 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 Property'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 Property'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 carve-out 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 Property to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out 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.

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Raymond Chabot Grant Thornton LLP

Val-d'Or
November 14, 2023

¹ CPA auditor, public accountancy permit no. A109964

Roman Property
Carve-Out Statements of Financial Position
(In Canadian dollars)

	As at June 2, 2023	As at June 2, 2022
	\$	\$
Total assets	-	-
Total liabilities	-	-
Equity		
Capital Contribution	1,719	69
Deficit	(1,719)	(69)
Total equity	-	-
Total liabilities and equity	-	-

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

On behalf of the Board of Directors

(s) V.E. Dale Burstall

Director

(s) Mathieu Stephens

Director

Roman Property

Carve-Out Statements of Loss and Comprehensive Loss

(In Canadian dollars)

	Year ended June 2, 2023	Year ended June 2, 2022
	\$	\$
Expenses		
Exploration and evaluation expenditure	1,650	69
Total expenses	1,650	69
Net loss and comprehensive loss	(1,650)	(69)

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

Roman Property

Carve-out Statements of Changes in Equity

(In Canadian dollars)

	Capital Contribution	Deficit	Total Equity
	\$	\$	\$
Balance – June 2, 2021	-	-	-
Capital contribution	69	-	69
Net loss and comprehensive loss	-	(69)	(69)
Balance – June 2, 2022	69	(69)	-
Capital contribution	1,650	-	1,650
Net loss and comprehensive loss	-	(1,650)	(1,650)
Balance – June 2, 2023	1,719	(1,719)	-

-

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

Roman Property

Carve-Out Statements of Cash Flows

(In Canadian dollars)

	Year ended June 2, 2023	Year ended June 2, 2022
	\$	\$
Operating activities		
Net loss	(1,650)	(69)
Net cash used by operating activities	(1,650)	(69)
Financing activities		
Capital contribution	1,650	69
Net cash from financing activities	1,650	69
Change in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	-	-

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

Roman Property

Notes to Carve-Out Financial Statements

For the period ended June 2, 2023 and 2022

(In Canadian dollars)

1. BASIS OF PRESENTATION

The Roman property (the “Property”) is located in the Province of Quebec, Canada.

These carve-out financial statements have been prepared for the specific purpose of inclusion in Spitfyre Capital Inc’s (“Spitfyre”) listing statement dated November 14, 2023 (the “Listing Statement”) in respect of the “Qualifying Transaction” of Spitfyre under Policy 2.4 – Capital Pool Companies of the Exchange involving the amalgamation of NeoTerrex Corporation (“NeoTerrex”) and 15363497 Canada Inc.

The carve-out financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

These carve-out financial statements reflect the financial position, statement of loss and comprehensive loss, equity and cash flows related to the Property undertaken by Mathieu Stephens, an officer and director of NeoTerrex (the “Prospector”) prior to being acquired by NeoTerrex on June 2, 2023.

As NeoTerrex has not historically prepared financial statements for its exploration claims and since the Property was owned by the Prospector prior to being acquired by NeoTerrex, these carve-out financial statements have been prepared from the financial records of the Prospector on a carve-out basis. The Property was solely operated by the Prospector, and the Property relied exclusively on the Prospector to fund its operations.

These carve-out financial statements were approved and authorised for issue by the Board of Directors of NeoTerrex on November 14, 2023.

2. NATURE OF THE BUSINESS AND GOING CONCERN

The Property is at an exploration and evaluation stage and the business is focused on one operating segment being the acquisition of mineral claims, in Canada. The business of mineral claim acquisition involves a high degree of risk and there can be no assurance that the Property’s claims will be sold at a profit. The recoverability of the Property’s claim staking expenditures is dependent upon securing and maintaining title and beneficial interest in the Property; finding a party interested in acquiring the claims and the change in price of rare earth elements in relation to other commodities; all of which are uncertain.

These carve-out financial statements have been prepared on a going concern basis which assumes that the Property will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Property are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. These material uncertainties may cast significant doubt upon the Property’s ability to continue as a going concern. If the Property is unable to secure additional financing, repay liabilities as they come due, and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the carve-out statement of financial position classifications used. These carve-out financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Property be unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of presentation

The carve-out financial statements have been prepared on the historical cost basis and extracted from historical accounting records of the Prospector.

Roman Property

Notes to Carve-Out Financial Statements

For the period ended June 2, 2023 and 2022

(In Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Functional and presentation currency

The carve-out Financial Statements are presented in Canadian dollars which is also the functional currency of the Property.

3.3 Financial assets and liabilities

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Property becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are initially measured at fair value adjusted for transaction costs, if any.

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- Amortized cost;
- Fair value through profit or loss ("FVTPL");
- Fair value through other comprehensive income ("FVOCI").

In the periods presented, the Property does not have any financial assets categorised as FVTPL or FVOCI.

The classification is determined by both the Property's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the carve-out Statements of Loss and Comprehensive Loss are presented within finance income or finance cost, if any.

Subsequent valuation of financial assets – financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following condition:

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Impairment of financial assets

Financial assets at amortized cost are subject to impairment. The impairment provisions use the expected credit loss model. The Property considers a broader range of information when assessing credit losses, including past events, current conditions, reasonable and supportable forecasts that affect expected collectability of future cash flows of the financial instrument.

Roman Property

Notes to Carve-Out Financial Statements

For the period ended June 2, 2023 and 2022

(In Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

3.4 Exploration and evaluation expenses

The Property is in the early stage of operations and expenses all expenditures related to its exploration and evaluation properties. Under this method, all amounts shown as exploration and evaluation expenses represent costs incurred during the period.

3.5 Income taxes

The Property is not a legal entity for all periods presented and as such is not a standalone taxable entity. Current and deferred income taxes and income tax expense have been recognized in the carve-out financial statements as if the Exploration Business was a separate taxable entity, using a standalone taxpayer approach. Income tax expense is comprised of current and deferred income tax.

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income taxes are calculated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases.

Deferred tax assets are recognized to the extent that is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Property's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

3.6 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets, liabilities and the disclosure of contingent assets and liabilities at the date of the carve-out financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The following critical accounting policies were identified under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

In particular, the following areas were identified where significant judgments, estimates, and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the carve-out Financial Statements.

Roman Property

Notes to Carve-Out Financial Statements

For the period ended June 2, 2023 and 2022

(In Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant management judgment

The following significant management judgment, in applying the accounting policies of the Property, has the most significant effect on the Financial Statements.

Going Concern

The assessment of the Property's ability to continue on a going concern basis, to obtain sufficient funds to cover ongoing expenses and to meet its obligations for the coming year involves a large part of judgment based on past experience and other factors, including expectations of future events that are considered reasonable in the circumstances.

4. CAPITAL MANAGEMENT

The Property's objectives when managing capital are to safeguard the Property's ability to continue as a going concern, so that it can continue to provide returns and benefits to its stakeholder.

The Property considers the items included in the carve-out statements of changes in equity as capital. The Property manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Property is not subject to externally imposed capital requirements.

The Property considers its capital to be its capital contribution of its owner, which at June 2, 2023 was a deficit of \$1,719 (\$69 at June 2, 2022). The Property relies on its owner for the ongoing management of its capital.

5. FINANCIAL INSTRUMENTS

The Property does not have any financial instruments recorded at fair value and that require classification within the fair value hierarchy.

Liquidity risk

Liquidity risk is the risk that the Property will not be able to meet its financial obligations as they become due. The Property has financed its staking of claims costs through the owner's private funds.

All of the Property's financial liabilities are normally paid within 30 days and are subject to normal trade terms. The Property has no source of operating cash flow to fund its claims acquisition. Funding for projects requires equity or debt financing. The Property has limited financial resources and there is no assurance that funding will always be available to allow the Property to fulfill its obligations on existing or future exploration projects.

APPENDIX "K"
PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

(See attached)

Spitfyre Capital Inc.

Unaudited Pro Forma Consolidated Statement of Financial Position

As at June 30, 2023

(Expressed in Canadian dollars)

Spitfyre Capital Inc.

Pro Forma Consolidated Statement of Financial Position

As at June 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

	NeoTerrex Corporation	Spitfyre Capital Inc.	Note 3	Minimum Offering	
				Pro Forma Adjustments	Pro Forma Balance
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash and cash equivalents	3,274,877	486,870	(a) (b)	(373,190) 1,775,000	5,163,557
Sales tax receivable	44,272	-		-	44,272
Tax credits and mining rights receivable	129,118	-		-	129,118
Prepaid expenses	24,038	-		-	24,038
Total assets	3,472,305	486,870		1,401,810	5,360,985
Liabilities					
Current liabilities					
Trade payables and accrued liabilities	135,068	27,303		-	162,371
Liability related to the premium on flow-through shares	-	-	(b)	355,556	355,556
	135,068	27,303		355,556	517,927
Equity					
Share capital	4,848,221	638,750	(a) (a) (b) (b) (b)	(638,750) 1,265,000 586,667 977,777 (269,667)	7,407,998
Warrants	171,069	15,800	(a) (a) (b) (b)	(15,800) 13,750 80,000 44,667	309,486
Deficit	(1,682,053)	(194,983)	(a) (a)	194,983 (1,192,373)	(2,874,426)
Total liabilities and shareholders' equity	3,337,237	459,567		1,046,254	4,843,058
	3,472,305	486,870		1,401,810	5,360,985

The accompanying notes are an integral part of these pro forma consolidated statement of financial position.

Spitfyre Capital Inc.

Pro Forma Consolidated Statement of Financial Position

As at June 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

	NeoTerrex Corporation	Spitfyre Capital Inc.	Note 3	Maximum Offering	
				Pro Forma Adjustments	Pro Forma Balance
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash and cash equivalents	3,274,877	486,870	(a) (c)	(373,190) 3,625,000	7,013,557
Sales tax receivable	44,272	-		-	44,272
Tax credits and mining rights receivable	129,118	-		-	129,118
Prepaid expenses	24,038	-		-	24,038
Total assets	3,472,305	486,870		3,251,810	7,210,985
Liabilities					
Current liabilities					
Trade payables and accrued liabilities	135,068	27,303		-	162,371
Liability related to the premium on flow-through shares	-	-		-	-
	<u>135,068</u>	<u>27,303</u>		<u>-</u>	<u>162,371</u>
Equity					
Share capital	4,848,221	638,750	(a) (a) (c) (c)	(638,750) 1,265,000 3,520,000 (483,000)	9,150,221
Warrants	171,069	15,800	(a) (a) (c) (c)	(15,800) 13,750 480,000 108,000	772,819
Deficit	(1,682,053)	(194,983)	(a) (a)	194,983 (1,192,373)	(2,874,426)
	<u>3,337,237</u>	<u>459,567</u>		<u>3,251,810</u>	<u>7,048,614</u>
Total liabilities and shareholders' equity	3,472,305	486,870		3,251,810	7,210,985

The accompanying notes are an integral part of these pro forma consolidated statement of financial position.

Spitfyre Capital Inc.

Notes to Pro Forma Consolidated Statement of Financial Position

June 30, 2023

(Unaudited)

1. Basis of presentation

The unaudited pro forma consolidated financial statements (the “**Pro Forma Financial Statements**”) have been prepared by management for inclusion in Spitfyre Capital Inc’s (“**Spitfyre**”) filing statement (the “**Filing Statement**”), in conjunction with Spitfyre’s acquisition of 100% of the issued and outstanding share capital of NeoTerrex Corporation (“**NeoTerrex**”) (the “**Transaction**”).

The Pro Forma Financial Statements have been prepared for illustrative purposes only and give effect to the proposed Transaction and pursuant to the assumptions and adjustments as further described in Note 3. The unaudited pro forma consolidated statement of financial position as at June 30, 2023 gives effect to the proposed Transaction as if it had occurred as at June 30, 2023.

The Pro Forma Financial Statements are not necessarily indicative of the financial position that would have been achieved if the proposed Transaction had been completed on the date presented, nor do they claim to project the financial position of the consolidated entities as of any future date. Any potential synergies that may be realized and integration costs that may be incurred upon completion of the proposed Transaction, if successful, have been excluded from the Pro Forma Financial Statements.

The Pro Forma Financial Statements has been prepared, in accordance with International Financial Reporting Standards (“**IFRS**”), from information derived from the interim unaudited financial statements of Spitfyre and NeoTerrex for the six-month period ended June 30, 2023.

The Pro Forma Financial Statements should be read in conjunction with: (i) the description of the transaction in the Filing Statement, and (ii) the historical financial statements, together with the notes thereto, of Spitfyre and NeoTerrex referred to above which are included in the Filing Statement.

The substance of Spitfyre’s common share issuance and the proposed reorganization is a transaction which results in NeoTerrex becoming a listed public entity through NeoTerrex’s acquisition of all of Spitfyre’s net assets and Spitfyre’s recapitalization. While the Pro Forma Financial Statements and share capital are of Spitfyre as a legal entity, the assets, liabilities and dollar amounts attributed to share capital are those of NeoTerrex. Future Spitfyre consolidated financial statements will present a continuation of NeoTerrex’ business.

Management believes the Pro Forma Financial Statements include all material adjustments necessary for a fair presentation of the transactions as described below.

2. Significant accounting policies

The accounting policies used in preparing the Pro Forma Financial Statements are set out in NeoTerrex’ audited financial statements for the year ended December 31, 2022. In preparing the Pro Forma Financial Statements, a review of publicly available information was undertaken to identify accounting policy differences between Spitfyre and NeoTerrex. While management believes that the significant accounting policies of Spitfyre and NeoTerrex are consistent in all material respects, accounting policy differences may be identified upon completion of the proposed Transaction. Also, given the absence of an accounting policy for exploration and evaluation activities, the Corporation elected to apply NeoTerrex’ accounting policy for such activities.

Spitfyre Capital Inc.

Notes to Pro Forma Consolidated Statement of Financial Position

June 30, 2023

(Unaudited)

3. Pro forma adjustments and assumptions

The Pro Forma Financial Statements include the following pro forma assumptions reflecting adjustments disclosed in the Filing Statement:

a) Reverse takeover transaction

Spitfyre's issuance of 59,744,000 common shares from treasury to NeoTerrex' shareholders in exchange for 100% of NeoTerrex' outstanding shares based on an exchange ratio of one Spitfyre share for one outstanding share of NeoTerrex (the "**Exchange Ratio**"). Upon completion of the transaction, NeoTerrex and Spitfyre's subsidiary will complete an amalgamation and the amalgamated entity will be a wholly-owned subsidiary of Spitfyre.

Although the proposed Transaction will result in NeoTerrex becoming a wholly-owned subsidiary of Spitfyre, it will constitute a reverse takeover for accounting purposes as the former NeoTerrex shareholders will own a substantial majority of the common shares of Spitfyre and all members of the Board of Directors and management of Spitfyre will be designees of NeoTerrex. Upon completion of the proposed Transaction, the business of Spitfyre will be the continuation of the business of NeoTerrex.

Considering that Spitfyre does not meet the definition of a business combination under IFRS 3 *Business Combination*, the purchase of Spitfyre's net assets is considered an equity-settled share-based payment under IFRS 2 *Share-based Payment*. That is, the transaction is equivalent to the issuance of shares and warrants by NeoTerrex for the net monetary assets of Spitfyre and for obtaining a listing status, accompanied by a recapitalization of Spitfyre.

In accordance with reverse acquisition accounting:

- i) The assets and liabilities of NeoTerrex are included in the Pro Forma Consolidated Statement at their carrying values; and
- ii) The net assets of Spitfyre are included at their fair value which is equal to the carrying value of the net assets given the current nature of the net assets. The difference between the estimated fair value of the NeoTerrex deemed consideration transferred to Spitfyre shareholders less the fair value of the net assets of Spitfyre acquired is recorded as a listing expense. The carrying amount of Spitfyre's equity is eliminated.

The fair value of the net assets acquired is summarized as follows:

	<u>Amount</u>
	\$
Assets acquired	
Cash	486,870
Liabilities assumed	
Accounts payable and accrued liabilities	<u>(27,303)</u>
Total net assets acquired	<u>459,567</u>

Spitfyre Capital Inc.

Notes to Pro Forma Consolidated Statement of Financial Position

June 30, 2023

(Unaudited)

3. Pro forma adjustments and assumptions (Cont'd)

Consideration:

Fair value of 5,750,000 common shares of Spitfyre	1,265,000
Fair value of 125,000 agent's warrants of Spitfyre	13,750
Estimated transaction cost to be paid in cash	373,190
Total consideration	<u>1,651,940</u>

Excess consideration considered as a listing expense	<u>1,192,373</u>
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The fair value of the Spitfyre common shares was based on the value of the concurrent offering with an allocation of \$0.22 per common share, after a pro-rata allocation of the fair value of the units' component.

The 125,000 agent's warrants of Spitfyre were assigned a fair value of \$13,750 estimated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 4.54%, expected volatility of 81%, dividend yield of 0% and expected life of two years.

b) Concurrent minimum offering

Spitfyre and/or NeoTerrex will issue a minimum of 2,666,667 units at a price of \$0.25 per unit for gross proceeds of \$666,667 and NeoTerrex will issue a minimum of 4,444,444 common shares issued on a flow-through basis at a price of \$0.30 per flow-through share for gross proceeds of \$1,333,333.

Each unit will consist of one common share and one-half common share purchase warrant, with each such whole warrant entitling the holder to subscribe for one additional common share at a price of \$0.40 for two years from the completion of the Transaction.

The 1,333,334 warrants were assigned a fair value of \$80,000, after a pro-rata allocation of the fair value of the units' components, estimated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 4.54%, expected volatility of 81%, dividend yield of 0% and expected life of two years. As a result, the balance of \$586,667 was allocated to share capital.

In connection with the issuance of the 4,444,444 flow-through shares, a flow-through premium liability of \$355,556 is recorded. The flow-through shares premium was calculated using the residual method based.

Total issue cost of the concurrent offering is estimated at \$269,667, consisting of the agent cash commission of \$150,000, the value of the 533,333 agent warrants of \$44,667 and the other issuance costs of \$75,000. Issue costs are recorded as a deduction to share capital.

The 533,333 agent warrants were assigned a fair value of \$44,667 estimated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 4.54%, expected volatility of 81%, dividend yield of 0% and expected life of two years.

The underlying expected volatility used in the Black-Scholes option pricing model was determined by reference to historical data of similar companies' shares over the expected average life of the warrants.

Spitfyre Capital Inc.

Notes to Pro Forma Consolidated Statement of Financial Position

June 30, 2023

(Unaudited)

3. Pro forma adjustments and assumptions (Cont'd)

c) Concurrent maximum offering

Spitfyre and/or NeoTerrex will issue a maximum of 16,000,000 units at a price of \$0.25 per unit for gross proceeds of \$4,000,000.

Each unit will consist of one common share and one-half common share purchase warrant, with each such whole warrant entitling the holder to subscribe for one additional common share at a price of \$0.40 for two years from the completion of the Transaction.

The 8,000,000 warrants were assigned a fair value of \$480,000, after a pro-rata allocation of the fair value of the units' components, estimated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 4.54%, expected volatility of 81%, dividend yield of 0% and expected life of two years. As a result, the balance of \$3,520,000 was allocated to share capital.

Total issue cost of the concurrent offering is estimated at \$483,000, consisting of the agent cash commission of \$300,000, the value of the 1,200,000 agent warrants of \$108,000 and the other issuance costs of \$75,000. Issue costs are recorded as a deduction to share capital.

The 1,200,000 agent warrants were assigned a fair value of \$108,000 estimated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 4.54%, expected volatility of 81%, dividend yield of 0% and expected life of two years.

The underlying expected volatility used in the Black-Scholes option pricing model was determined by reference to historical data of similar companies' shares over the expected average life of the warrants.

4. Capital Stock

A continuity of issued common share and related recorded values after giving effect to the pro forma adjustments described in Note 3 is set out as follows:

	<u>Minimum Offering</u>		<u>Maximum Offering</u>	
	<u>Number of common shares</u>	<u>Amount</u>	<u>Number of common shares</u>	<u>Amount</u>
		\$		\$
Spitfyre's balance as at June 30, 2023	5,750,000	638,750	5,750,000	638,750
NeoTerrex' balance as at June 30, 2023	59,744,000	4,848,221	59,744,000	4,848,221
Issuance of shares upon the reverse take over (Note 3a)	5,750,000	1,265,000	5,750,000	1,265,000
Elimination on Amalgamation	(5,750,000)	(638,750)	(5,750,000)	(638,750)
Concurrent financing at closing of the Transaction, net of issue cost (Note 3b, 3c)				
	<u>7,111,111</u>	<u>1,294,777</u>	<u>16,000,000</u>	<u>3,037,000</u>
	<u>72,605,111</u>	<u>7,407,998</u>	<u>81,494,000</u>	<u>9,150,221</u>

Spitfyre Capital Inc.

Notes to Pro Forma Consolidated Statement of Financial Position

June 30, 2023

(Unaudited)

5. Warrants

A summary of outstanding warrants entitling their holders to subscribe for an equivalent number of common shares upon the reverse take over is as follows:

Minimum Offering	Maximum Offering	Exercise price		Expiry date
Number of warrants	Number of warrants	Exercise price		
		\$		
1,333,334	8,000,000	0.40	Warrants issuable under concurrent offering	Two years ⁽¹⁾
200,000	1,200,000	0.25	Compensation warrants under concurrent offering	Two years ⁽¹⁾
333,333	-	0.30	Compensation warrants under concurrent offering	Two years ⁽¹⁾
125,000	125,000	0.20	Spitfyre's compensation warrants	June 17, 2025
2,928,300	2,928,300	0.10	NeoTerrex's compensation warrants ⁽²⁾	December 22, 2023
368,000	368,000	0.125	NeoTerrex's compensation warrants ⁽²⁾	December 22, 2023
<u>5,287,967</u>	<u>12,621,300</u>			

(1) Two years following completion of the Transaction.

(2) Purchasable upon exercise for common shares of Spitfyre.

6. Income taxes

The pro forma effective tax rate applicable to the consolidated operations will be determined according to the results of each entity. The net income tax rate of Spitfyre and NeoTerrex is 26.5%.

APPENDIX "L"
AUDIT COMMITTEE CHARTER

NEOTERREX INCORPORATED

(the "Corporation")

AUDIT COMMITTEE MANDATE

OVERALL ROLE AND RESPONSIBILITY

The Audit Committee shall:

1.1 Assist the board of directors of the Corporation (the "Board of Directors") in its oversight role with respect to:

- (a) the quality and integrity of financial information;
- (b) the independent auditor's performance, qualifications and independence;
- (c) the performance of the Corporation's internal audit function, if applicable; and
- (d) the Corporation's compliance with legal and regulatory requirements.

1.2 Prepare such reports of the Audit Committee required to be included in the information/proxy circular of the Corporation in accordance with applicable laws or the rules of applicable securities regulatory authorities.

MEMBERSHIP AND MEETINGS

The Audit Committee shall consist of three (3) or more Directors appointed by the Board of Directors, the majority of whom shall not be officers or employees of the Corporation or any of the Corporation's affiliates. Each of the members of the Audit Committee shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, and applicable securities regulatory authorities.

The Board of Directors shall designate one (1) member of the Audit Committee as the Audit Committee Chair. Each member of the Audit Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment. The Board of Directors shall determine whether and how many members of the Audit Committee qualify as a financial expert as defined by applicable law.

STRUCTURE AND OPERATIONS

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall report to the Board of Directors on its activities after each of its meetings at which time minutes of the prior Committee meeting shall be tabled for the Board of Directors.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet separately with each of them.

SPECIFIC DUTIES

Oversight of the Independent Auditor

- Make recommendations to the Board of Directors for the appointment and replacement of the independent auditor.
- Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
- Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Evaluate the qualifications, performance and independence of the independent auditor, including: (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Obtain from the independent auditor and review the independent auditor's report regarding the management internal control report of the Corporation to be included in the Corporation's annual information/proxy circular, as required by applicable law.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (currently at least every five years).

Financial Reporting

- Review and discuss with management and the independent auditor:
 - prior to the annual audit the scope, planning and staffing of the annual audit;
 - the annual audited financial statements;
 - the Corporation's annual and quarterly disclosures made in management's discussion and analysis;
 - approve any reports for inclusion in the Corporation's Annual Report, if any, as required by applicable legislation;
 - the Corporation's quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards;
 - significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements;
 - any significant changes in the Corporation's selection or application of accounting principles;
 - any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies; and
 - other material written communications between the independent auditor and management, such as any management letter or schedule of unaudited differences.

- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

AUDIT COMMITTEE'S ROLE

The Audit Committee has the oversight role set out in this Charter. Management, the Board of Directors, the independent auditor and the internal auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the Corporation's financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board of Directors in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation in accordance with Canadian generally accepted accounting principles.

FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

APPROVAL OF AUDIT AND REMITTED NON-AUDIT SERVICES PROVIDED BY EXTERNAL AUDITORS

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by the External Auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this protocol. The Chief Financial Officer shall act as the primary contact to receive and assess any proposed engagements from the External Auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.

CERTIFICATE OF SPITFYRE CAPITAL INC.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Spitfyre Capital Inc., assuming Completion of the Qualifying Transaction.

DATED November 14, 2023.

(signed) "*Matthew McMillan*"

Matthew McMillan
Chief Executive Officer and Director

(signed) "*Simon Sokol*"

Simon Sokol
Chief Financial Officer and Director

**ON BEHALF OF THE BOARD OF DIRECTORS OF
SPITFYRE CAPITAL INC.**

(signed) "*Gordon McMillan*"

Gordon McMillan
Director

(signed) "*Ben Sokol*"

Ben Sokol
Director

CERTIFICATE OF NEOTERREX CORPORATION

The foregoing as it relates to NeoTerrex Corporation ("**Neo Terrex**") constitutes full, true and plain disclosure of all material facts relating to the securities of NeoTerrex.

DATED November 14, 2023.

(signed) "*Mathieu Stephens*"

Mathieu Stephens
President, Chief Executive Officer and Director

(signed) "*Vatché Tchakmakian*"

Vatché Tchakmakian
Vice-President and Secretary

**ON BEHALF OF THE BOARD OF DIRECTORS OF
NEOTERREX CORPORATION**

(signed) "*Dale Burstall*"

Dale Burstall
Director

(signed) "*Alastair Neill*"

Alastair Neill
Director

ACKNOWLEDGEMENT

"Personal Information" means any information about an identifiable individual, and includes information contained in any items in the attached Filing Statement that are analogous to Items 4.2, 11, 12.1, 15, 17.3, 18, 22, 23, 25, 30.3, 31, 32, 33, 34, 35, 36, 37, 40 and 41 of Form 3B2 of the Exchange, as applicable.

The undersigned acknowledges and agrees that it has obtained the express written consent of each individual related or connected to the undersigned to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Form 3B2 of the Exchange; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

SPITFYRE CAPITAL INC.

Per: (signed) "Matthew McMillan"
Matthew McMillan
Chief Executive Officer and Director