



# **SAGA METALS CORP.**

## **Financial Statements**

*(Expressed in Canadian Dollars, unless otherwise noted)*

For the Year Ended July 31, 2024, and the  
Period from Incorporation on January 10, 2023 to July 31, 2023



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

# Independent Auditor's Report

To the Shareholders of Saga Metals Corp.

## Opinion

We have audited the financial statements of Saga Metals Corp. (the "Company"), which comprise the statements of financial position as at July 31, 2024 and 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended July 31, 2024 and the period from incorporation on January 10, 2023 to July 31, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2024 and 2023, and its financial performance and its cash flows for the year ended July 31, 2024 and the period from incorporation on January 10, 2023 to July 31, 2023 in accordance with International Financial Reporting Standards.

## 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 Company 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.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that at July 31, 2024, the Company had an accumulated deficit of \$1,385,630. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

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

### Vancouver

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### Surrey

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### Victoria

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Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

## **Other Information**

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

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

A handwritten signature in black ink that reads "DMCL." The letters are stylized and connected.

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, BC

November 27, 2024

**Saga Metals Corp.**  
**Statements of Financial Position**  
*(Expressed in Canadian Dollars)*

As at	Notes	July 31, 2024		July 31, 2023	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash		\$	784,365	\$	1,236,341
Due from related parties			973		39
Prepaid expenses			55,165		-
Receivables			59,298		-
<b>TOTAL CURRENT ASSETS</b>		<b>\$</b>	<b>899,801</b>	<b>\$</b>	<b>1,236,380</b>
<b>Non-current assets</b>					
Equipment	5		28,425		29,561
Exploration and evaluation assets	6		2,440,398		368,544
<b>TOTAL ASSETS</b>		<b>\$</b>	<b>3,368,624</b>	<b>\$</b>	<b>1,634,485</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payables and accrued liabilities	7	\$	438,768	\$	85,475
Due to related parties	8		63,318		7,500
<b>TOTAL LIABILITIES</b>		<b>\$</b>	<b>502,086</b>	<b>\$</b>	<b>92,975</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	9	\$	4,195,168	\$	1,695,868
Contributed surplus	10	\$	57,000	\$	-
Obligation to issue warrants	9(a)(i)		-		57,000
Accumulated deficit			(1,385,630)		(211,358)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>\$</b>	<b>2,866,538</b>	<b>\$</b>	<b>1,541,510</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$</b>	<b>3,368,624</b>	<b>\$</b>	<b>1,634,485</b>

Nature of operations and Going Concern (Note 1)  
Events after reporting period (Note 14)

Approved by the Board of Directors on November 27, 2024:

"Mike Stier"

\_\_\_\_\_  
Director

"Michael Waldkirch"

\_\_\_\_\_  
Director

**Saga Metals Corp.**  
**Statements of Loss and Comprehensive Loss**  
*(Expressed in Canadian Dollars)*

	Notes	Year ended July 31, 2024	Period from incorporation on January 10, 2023 to July 31, 2023
<b>Operating expenses</b>			
Advertising and marketing		\$ 53,004	\$ 6,662
Bank fees		444	374
Communications		5,297	1,283
Consulting fees	8	299,973	69,125
Depreciation	5	5,419	1,135
Dues and subscriptions		2,230	-
Exploration and evaluation expense	6	31,090	42,363
Fuel		3,637	5,110
Listing expense		289,422	-
Insurance		7,844	-
Meals and entertainment		11,447	14,522
Office expenses		3,116	4,531
Professional fees		153,837	41,412
Rent		10,750	3,938
Share based compensation	8, 10	225,000	-
Transfer agent and regulatory expense		2,111	-
Travel expenses		69,651	20,903
<b>Total operating expenses</b>		<b>\$ (1,174,272)</b>	<b>\$ (211,358)</b>
<b>Net loss and comprehensive loss</b>		<b>\$ (1,174,272)</b>	<b>\$ (211,358)</b>
Basic and diluted loss per common share		\$ (0.07)	\$ (0.10)
Weighted average number of common shares outstanding		17,833,728	2,161,735

Supplemental cash flow information (Note 13)

**Saga Metals Corp.**  
**Statements of Changes in Shareholders' Equity**  
*(Expressed in Canadian Dollars)*

	Notes	Share capital	Contributed Surplus	Obligation to issue warrants	Accumulated Deficit	Total Shareholder's Equity
<b>Balance as at January 10, 2023</b>		\$ 1	\$ -	\$ -	\$ -	\$ 1
Common shares issued on private placement	9	1,360,200	-	-	-	1,360,200
Common shares issued on exercise of warrants	9	300,000	-	-	-	300,000
Share issuance costs	9	(60,148)	-	57,000	-	(3,148)
Common shares issued to acquire mineral property rights	6	40,690	-	-	-	40,690
Common shares issued to settle of debt	9	55,125	-	-	-	55,125
Net loss for the year		-	-	-	(211,358)	(211,358)
<b>Balance as at July 31, 2023</b>		\$ 1,695,868	\$ -	\$ 57,000	\$ (211,358)	\$ 1,541,510
<b>Balance as at August 1, 2023</b>		\$ 1,695,868	\$ -	\$ 57,000	\$ (211,358)	\$ 1,541,510
Common shares issued to acquire mineral property rights	9	1,966,250	-	-	-	1,966,250
Exercise of share warrants	9	321,050	-	-	-	321,050
Issuance of share warrants	9	-	57,000	(57,000)	-	-
Share issuance costs		(13,000)	-	-	-	(13,000)
Exercise of Performance Share Units	10	225,000	(225,000)	-	-	-
Share based compensation	10	-	225,000	-	-	225,000
Net loss for the year		-	-	-	(1,174,272)	(1,174,272)
<b>Balance as at July 31, 2024</b>		\$ 4,195,168	\$ 57,000	\$ -	\$ (1,385,630)	\$ 2,866,538

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

**Saga Metals Corp.**  
**Statements of Cash Flows**  
*(Expressed in Canadian Dollars)*

	Year ended July 31, 2024		Period from incorporation on January 10, 2023 to July 31, 2023	
<b>OPERATING ACTIVITIES</b>				
Net loss	\$	(1,174,272)	\$	(211,358)
<i>Non-cash items:</i>				
Share based compensation	\$	225,000	\$	-
Depreciation		5,419		1,135
<b>Changes in non-cash working capital items</b>				
Due from related parties		-		(39)
Prepaid expenses		(55,165)		-
Receivables		(59,298)		-
Accounts payables and accrued liabilities		323,502		102,628
<b>Net cash used in operating activities</b>	<b>\$</b>	<b>(734,814)</b>	<b>\$</b>	<b>(107,634)</b>
<b>INVESTING ACTIVITIES</b>				
Acquisition of equipment	\$	(4,283)	\$	(30,696)
Acquisition of exploration assets		(88,232)		(282,382)
Expenditures on exploration and evaluation assets		(472,771)		-
Payments from option to joint venture agreement		485,190		-
<b>Net cash used in investing activities</b>	<b>\$</b>	<b>(80,096)</b>	<b>\$</b>	<b>(313,078)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from issuance of common shares, net of issuance costs	\$	-	\$	1,357,053
Proceeds from the exercise of share purchase warrants		321,050		300,000
Share issuance costs		(13,000)		-
Proceeds from related parties		55,818		-
Repayments to related parties		(934)		-
<b>Net cash provided by financing activities</b>	<b>\$</b>	<b>362,934</b>	<b>\$</b>	<b>1,657,053</b>
Net change in cash	\$	(451,976)	\$	1,236,341
<b>Cash – beginning</b>	<b>\$</b>	<b>1,236,341</b>	<b>\$</b>	<b>-</b>
<b>Cash – ending</b>	<b>\$</b>	<b>784,365</b>	<b>\$</b>	<b>1,236,341</b>

Supplemental cash flow information (Note 13)

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

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

Saga Metals Corp. (formerly Saga Lithium Corp., and the “Company”) is a private entity that was incorporated under the BC Business Corporations Act on January 10, 2023. The Company changed its legal entity name from Saga Lithium Corp. to Saga Metals Corp. on January 15, 2024. The Company is focused on the acquisition, exploration and development of resource properties in Canada. The Company’s head office and records offices are located at suite 1008 – 550 Burrard Street, Vancouver, BC, Canada, V6C 2B5.

As at July 31, 2024, the Company had not yet determined whether its properties contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production from the exploration and evaluation assets or proceeds from the disposition of the exploration and evaluation asset.

These financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly will be able to realize its assets and discharge its liabilities in the normal course of operations. At July 31, 2024, the Company had an accumulated deficit of \$1,385,630 and is expected to incur further losses. The Company will require additional equity financing to continue developing its business and to meet its obligations. While the Company has been successful at raising additional equity financing in the past, there is no guarantee that it will continue to do so in the future, which results in a material uncertainty that casts significant doubt on the Company’s ability to continue as a going concern.

The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements. These adjustments could be material.

## **2. Basis of Presentation, Statement of Compliance**

These 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 financial statements, including interpretations of the IFRS Interpretations Committee (“IFRIC”). The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

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

These financial statements are presented in Canadian dollars, the functional and presentation currency of the Company. The functional currency is the currency of the primary economic environment in which an entity operates.

These financial statements were approved and authorized for issuance by the Board of Directors on November 27, 2024.

### **3. Material Accounting Policy Information**

#### **a) Income taxes**

Income tax expense of the Company comprises current and deferred taxes. Income tax is recognized in net loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

#### **b) Exploration and evaluation (“E&E”) assets**

##### *E&E acquisition costs*

All direct costs related to the acquisition of mineral property interests (“E&E Assets”) are capitalized on a property-by-property basis. Expenditures made in connection with a right to acquire a property and or explore in an exploration area are capitalized. Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company and are recorded as mineral property acquisition costs upon payment.

##### *E&E exploration expenditures:*

Exploration and evaluation costs that are directly related to exploration and evaluation activities including geology, sampling, staking, and direct travel to mineral property interests are capitalized into intangible assets on a property-by-property basis. All other indirect costs associated with exploration and evaluation are charged to operations in the period incurred until such time as it has been determined that a property has an economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists or prior to reclassification to property, plant and equipment.

Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities; and
- sufficient data exist to indicate that, although development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

**Saga Metals Corp.**  
**Notes to the Financial Statements**  
**For the year ended July 31, 2024**  
**and the period from incorporation on January 10, 2023 to July 31, 2023**  
*(Expressed in Canadian Dollars)*

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Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Although the Company has taken steps that it considers adequate to verify title to exploration and evaluation assets which it has an interest in, these procedures do not guarantee the Company's title.

**c) Restoration and environmental obligations**

The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations associated with the retirement and restoration of long-term assets, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. As at July 31, 2024, the Company had not recognized any provisions for restoration and environmental obligations.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its properties that may result in material liability to the Company. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

**d) Equipment**

Equipment is recorded at cost, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

<b>Asset</b>	<b>Useful Life</b>
Equipment	5 years
Storage Container	10 years

When equipment has significant components with different useful lives, each significant component is depreciated separately. The estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Repairs and maintenance costs that do not improve or extend productive life are recognized in profit or loss in the period in which the costs are incurred.

**e) Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**f) Financial instruments**

*Financial Assets*

The Company uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"), or (iii) at fair value through profit and loss ("FVTPL").

*(i) Amortized Cost:*

Financial assets classified and measured at amortized cost are those assets whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

*(ii) Fair value through other comprehensive income ("FVTOCI"):*

Financial assets classified and subsequently measured at FVTOCI are those assets whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI.

The classification includes certain equity instruments where an irrevocable election was made to classify the equity instruments as FVTOCI. Equity investments require a designation, on an instrument-by-instrument basis, between recording both unrealized and realized gains and losses either through (i) other comprehensive income ("OCI") with no recycling to profit and loss or (ii) profit and loss. Dividends from these instruments are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

*(iii) Fair value through profit or loss ("FVTPL"):*

Financial assets classified and subsequently measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

*Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when the rights to receive cash flows from the asset have expired. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

*Financial Liabilities*

Financial liabilities are generally classified and measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it meets the definition of held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognized in profit or loss. Other financial liabilities are measured at fair value at initial recognition and subsequently measured at amortized cost using the effective interest method.

The Company has classified accounts payable and accrued liabilities as financial liabilities at amortized cost.

Financial liabilities may also include derivative financial instruments that are entered into by the Company that are not designated as hedging instruments as defined by IFRS 9 Financial Instruments. Embedded derivatives, if accounted separately, are classified as FVTPL and any gains and losses are recognized through the Statement of Loss and Comprehensive Loss.

#### *Derecognition of financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability at its fair value based on the modified terms. Upon derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in the Statement of Loss and Comprehensive Loss.

#### **g) Related party transactions**

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

#### **h) Share capital and share based compensation**

Equity instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity. Incremental costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. The fair-value of incentive share purchase warrants are recorded as share issuance costs in the period they are issued.

#### *Stock Options*

The Company grants stock options to employees, directors, and officers. Stock options granted to employees are measured at fair value at the grant date and recognized as compensation expense over the vesting period. Stock options granted to non-employees are measured at the fair value of the goods or services received except where the fair value cannot be estimated, in which case it is measured at the fair value of the equity instrument granted. The fair value of the share-based compensation to non-employees is periodically remeasured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with stock options.

The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all the market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in net loss such that the cumulative expense reflects the revised estimate.

Upon exercise of stock options, consideration received on exercise of these equity instruments is recorded as share capital and contributed surplus is transferred to share capital. Upon expiry, the recorded fair value of expired options is transferred from contributed surplus to accumulated deficit.

*Restricted Share Units*

The Company maintains a Restricted Share Units plan pursuant to which certain of our officers or employees are eligible to receive grants of restricted share rights ("RSUs"). RSUs vest based on terms determined at the sole discretion of the Board. The Company issues new shares from treasury upon the redemption of an RSU. RSUs are measured at fair value, based on the price of the Company's common shares from the most recent common share financing preceding the date of the grant. The fair value of the RSUs is recognized in the statement of loss and comprehensive loss as a share based compensation expense over the vesting period. On exercise the entire value of the RSU is transferred from contributed surplus to share capital.

*Deferred Share Units*

The Company maintains a Deferred Share Unit plan pursuant to which certain of our officers are eligible to receive grants of Deferred Share Units ("DSUs"). DSUs are measured at fair value, based on the price of the Company's common shares from the most recent common share financing preceding the date of the grant. The fair value of the DSUs is recognized in the statement of loss and comprehensive loss as a share based compensation expense over the vesting period. On exercise the entire value of the DSU is transferred from contributed surplus to share capital.

*Performance Share Units*

The Company maintains a Performance Share Unit plan pursuant to which certain of our officers are eligible to receive grants of Performance Share Units ("PSUs"). PSUs are measured at fair value, based on the price of the Company's common shares from the most recent common share financing preceding the date of the grant. The fair value of the PSUs is recognized in the statement of loss and comprehensive loss as a share based compensation expense over the vesting period. On exercise the entire value of the PSU is transferred from contributed surplus to share capital.

**i) Impairment of non-financial assets**

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

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

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

#### **Future changes in accounting policies**

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## **4. Significant Accounting Judgments, Estimates and Assumptions**

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the periods presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

#### **Judgments**

Judgment is used in situations when there is a choice and/or assessment required by management. The following are critical judgments apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the financial statements.

#### ***Classification and Impairment of E&E Assets***

The Company applies judgement in the classification/allocation of expenses as exploration and evaluation expenditures or operating expenses and the determination whether there have been any events or changes in circumstances that indicate the impairment of its exploration and evaluations assets.

#### ***Going concern***

Determining if the Company has the ability to continue as a going concern is dependent on its ability to secure equity financing, and to reach profitable operations. Certain judgements were made when determining if and when the Company will secure equity and whether it will be able to reach profitable operations.

#### **Estimates**

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant areas of estimation uncertainty are:

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**Taxation**

Calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates, and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

**Useful lives of equipment**

Depreciation of equipment is dependent upon estimates of useful lives and residual value which are determined through the use of assumptions. Estimates of residual value and useful lives are based on data and information from various sources including industry practice and historic experience. Although management believes the estimated useful lives of the Company's equipment assets are reasonable, it is possible that changes in estimates could occur, which may affect the expected useful lives and salvage values of the equipment.

**5. Equipment**

	Equipment		Storage Container		Total
<b>Cost:</b>					
<b>As at January 10, 2023</b>	\$	-	\$	-	\$ -
Additions in the period		22,648		8,048	30,696
<b>As at July 31, 2023</b>	\$	<b>22,648</b>	\$	<b>8,048</b>	<b>\$ 30,696</b>
Additions in the year		4,283		-	4,283
<b>As at July 31, 2024</b>	\$	<b>26,931</b>	\$	<b>8,048</b>	<b>\$ 34,979</b>
<b>Accumulated Depreciation:</b>					
<b>As at January 10, 2023</b>	\$	-	\$	-	\$ -
Depreciation in the period		1,071		64	1,135
<b>As at July 31, 2023</b>	\$	<b>1,071</b>	\$	<b>64</b>	<b>\$ 1,135</b>
Depreciation in the year		4,615		804	5,419
<b>As at July 31, 2024</b>	\$	<b>5,686</b>	\$	<b>868</b>	<b>\$ 6,554</b>
<b>Carrying Amount:</b>					
As at July 31, 2023	\$	21,577	\$	7,984	\$ 29,561
<b>As at July 31, 2024</b>	\$	<b>21,245</b>	\$	<b>7,180</b>	<b>\$ 28,425</b>

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## 6. Exploration and Evaluation Assets

	Legacy Property	Radar Property	Double Mer Property	NorthWind Property	Adina Property	Amirault Property	Total
<b>As at July 31, 2023</b>	\$ 286,334	\$ 82,210	\$ -	\$ -	\$ -	\$ -	\$ 368,544
<b>Acquisition costs</b>							
Cash	\$ 25,000	\$ 33,232	\$ -	\$ -	\$ -	\$ 30,000	\$ 88,232
Common share issuance	40,000	26,250	-	-	300,000	1,600,000	1,966,250
JV payments	(435,190)	-	-	-	(50,000)	-	(485,190)
<b>Total acquisition costs</b>	\$ (370,190)	\$ 59,482	\$ -	\$ -	\$ 250,000	\$ 1,630,000	\$ 1,569,292
Consulting	\$ 22,500	\$ 43,500	\$ 28,175	\$ 8,000	\$ -	\$ 2,000	\$ 104,175
Geology	18,130	-	15,250	-	-	-	33,380
Mapping	12,635	-	-	-	-	-	12,635
Other exploration activity	-	92,256	560	-	-	-	92,816
Sampling	62,834	12,565	683	-	-	-	76,082
Staking	26,180	-	66,560	16,575	-	-	109,315
Travel	27,992	31,821	14,346	-	-	-	74,159
<b>Total exploration cost</b>	\$ 170,271	\$ 180,142	\$ 125,574	\$ 24,575	\$ -	\$ 2,000	\$ 502,562
<b>As at July 31, 2024</b>	\$ 86,415	\$ 321,834	\$ 125,574	\$ 24,575	\$ 250,000	\$ 1,632,000	\$ 2,440,398

	Legacy Property	Radar Property	Total
<b>As at January 10, 2023 (Incorporation date)</b>	\$ -	\$ -	\$ -
<b>Acquisition costs</b>			
Cash	\$ 54,140	\$ -	\$ 54,140
Common share issuance	-	40,690	40,690
<b>Total acquisition costs</b>	\$ 54,140	\$ 40,690	\$ 94,830
Consulting	\$ 27,000	\$ 18,000	\$ 45,000
Geology	40,016	435	40,451
Sampling	53,582	23,085	76,667
Staking	43,520	-	43,520
Travel	68,076	-	68,076
<b>Total exploration cost</b>	\$ 232,194	\$ 41,520	\$ 273,714
<b>As at July 31, 2023</b>	\$ 286,334	\$ 82,210	\$ 368,544

### **Legacy Property**

On April 7, 2023, the Company entered into a Title Transfer Agreement (“TTA”) with two entities (the “Legacy Vendors”) to acquire 176 mineral claims located in the James Bay region of Quebec (“Legacy Property”). The purchase price was comprised of consideration as follows:

- a) \$54,140 cash payable on the closing date May 3, 2023 (paid);
- b) \$25,000 cash payable on or before the first anniversary of the closing date;
- c) \$25,000 cash payable on or before the second anniversary of the closing date;
- d) \$25,000 cash payable on or before the third anniversary of the closing date; and
- e) Issuance of 100,000 common shares (“Consideration Shares”) on the date the Company receives approval from any nationally recognized stock exchange to list the Company’s common shares publicly for trading

The Company further granted a 2% net smelter return royalty (“NSR”) to the Legacy Vendors. The NSR comes into effect once the property is brought into commercial production. The Company is entitled to purchase one-half (1%) of the NSR at any time for a cash consideration of \$1,000,000.

In addition to the purchase price and NSR, the Company agrees to further issue a bonus (a “Resource Bonus”) in the event the Company announces a mineral resource estimate, contained within a Technical Report (a “Resource Calculation”), on the Legacy Property of greater than 5,000,000 tonnes of lithium oxide (Li<sub>2</sub>O) at a specified average grade (a “Resource Establishment”). The Resource Bonus is payable in the form of common shares (each, a “Bonus Share”) having an aggregate value of \$1,000,000 at a deemed price per Bonus Share equal to the volume weighted average price at which the Company’s shares have traded on a stock exchange during the period of any 10 consecutive trading days ending on the date that is the date of the Resource Establishment. Notwithstanding the foregoing, if the Company’s common shares are not then listed on any stock exchange, then the price per Bonus Share will be determined by a Chartered Professional Accountant, acting reasonably, selected by the vendors.

On June 25, 2024, in connection with a joint venture option agreement (see details further below under ‘*Joint Venture Arrangement*’), the Company amended (“Amended Legacy TTA”) the terms of the TTA with respect to its Legacy Property as follows:

- a) Issuance of 100,000 common shares of the Company on or before the date which was 10 business days after the Company grants to Rio Tinto Exploration Canada Inc. (“RIO”), an option to acquire an interest of 50% or more in the Legacy Property (the “Legacy Commencement Date”) - 100,000 shares issued on June 27, 2024 (Note 9);
- b) \$25,000 cash payable on or before the date which is 10 business days after the Legacy Commencement Date – paid on July 18, 2024;
- c) \$25,000 cash payable on or before the first anniversary of the Legacy Commencement Date; and
- d) \$25,000 cash payable on or before the second anniversary of the Legacy Commencement Date.

### **Radar Property**

On July 3, 2023, the Company entered into a Title Transfer Agreement (“Radar TTA”) with an individual (“Radar Vendor”) to acquire 626 mineral claims located in the province of Newfoundland and Labrador (“Radar Property”). The purchase price was issuance of 271,266 common shares with a fair value of \$40,690, measured at \$0.15 per share on the closing dates of the Radar TTA (Note 9(iii)).

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The Company further granted the Radar Vendor a 1.5% NSR which comes into effect once the Radar Property is brought into commercial production.

On November 2 and 17, 2023 (collectively the “Closing Dates”), the Company entered into two separate title transfer agreements (“2024 Radar TTA”) with three individuals (“2024 Radar Vendors”) to acquire 64 mineral claims located in the province of Newfoundland and Labrador. These mineral claims are included as part of the Radar Property. The purchase price is as follows:

- Issuance of 112,500 and 62,500 common shares, issued on November 17 and December 7, 2023 respectively, with a fair value of \$16,875 and \$9,375 respectively. The common shares were measured at \$0.15 per share on the respective Closing Dates of the 2024 Radar TTA (Note 9); and
- \$30,632 and \$2,600 cash paid on the respective Closing Dates

The Company further granted the 2024 Radar Vendors a 1.5% NSR which comes into effect once the Radar Property is brought into commercial production.

The Company agrees to make the following additional payments in connection with the 2024 Radar TTA:

- issuance of 112,500 and 62,500 common shares on the first anniversary of the respective Closing Dates of the 2024 Radar TTA; and
- issuance of 112,500 and 62,500 common shares on the second anniversary of the respective Closing Dates of the 2024 Radar TTA; and
- issuance of 12,500 and 62,500 common shares on the third anniversary of the respective Closing Dates of the 2024 Radar TTA.

### **Amirault Property**

On May 17, 2024, the Company entered into an asset purchase agreement (“APA”) to acquire mineral claims from two vendors (“Amirault Vendors”). The closing date is no later than five days following the closing of a going public transaction by the Company. Further, the Company is required to pay the Amirault Vendors the following:

- Total of \$200,000 cash consideration according to the following schedule:
  - a) \$10,000 on the agreement date (paid); and
  - b) A monthly cash payment of \$10,000 until the closing date; and
  - c) The remaining cash balance payable on the closing Date
- Issuance of 4,000,000 common shares (the “Consideration Shares”) (Issued – Note 9) which are subject to a four-month statutory hold period and any additional resale restrictions which may be imposed by the relevant securities exchange (the “Exchange”). In addition to any resale restrictions imposed by the Exchange or applicable Securities Laws, the Consideration Shares will be subject to contractual restrictions on resale as governed by the APA.

Further to the APA, the Company granted the Amirault Vendors a 2% net-smelter royalty. On October 15, 2024, subsequent to the year ended July 31, 2024, Company completed the acquisition of the Amirault property and paid the remaining cash consideration of \$150,000 to the Amirault Vendors.

## **Joint Venture Arrangement**

### *Arrangement with Rio Tinto*

On June 28, 2024 (the "Effective Date"), the Company entered into a joint venture option agreement ("JV Option Agreement") with RIO. Under the JV Option Agreement, RIO has the option to acquire an initial 51% interest (the "First Option") in the Legacy Property over a period of four (4) years, which it may exercise if it satisfies the following conditions:

- Cash payments totaling \$410,190 within 45 days after the Effective Date – cash payment of \$410,190 was received in July 2024;
- Exploration expenditures totaling \$9,571,100, including a firm commitment to spend not less than \$1,709,125 in the first 20 months of the Effective Date of the JV Option Agreement; and
- \$273,460 in cash payments to the Company (\$68,365 per year) and additional payments of \$225,000 in aggregate ("JV Additional Payments"), being equal in amount to the underlying claim acquisition amounts owed by the Company to the vendors from whom it acquired the Legacy Property – a total of \$75,000 in JV Additional Payments were received in July 2024.

After earning the right to acquire an initial 51% interest, RIO will have the option to increase its interest in the Legacy Property to 75% (the "Second Option") over a period of five (5) years following the four (4) year First Option term, by incurring exploration expenditures totaling an additional \$34,182,500 in exploration expenditures.

## **Adina Property**

On June 3, 2024, in connection with the JV Option Agreement, the Company terminated a mineral interest option agreement (the "Adina Agreement") which was originally executed on April 28, 2023. The Company was not required and has not made any payments in accordance with the Adina Agreement previously. Concurrently with the termination of the Adina Agreement, the Company entered into a title transfer agreement ("Adina TTA"), with the same vendors ("Adina Vendors") of the Adina Agreement, to acquire 100% interest of mineral claims located in the Province of Quebec ("Adina Property"). The purchase price is comprised of consideration as follows:

- a) Issuance of 750,000 common share of the Company - issued on June 27, 2024 (Note 9);
- b) \$50,000 cash payable no later than 45 days after the date on which the Company grants to RIO, an option to acquire an interest of 50% or more in the Adina Property (the "Adina Commencement Date") – paid on August 8, 2024, subsequent to year ended July 31, 2024;
- c) \$50,000 cash payable on or before the first anniversary of the Adina Commencement Date (the "First Anniversary"); and
- d) \$50,000 on or before the second anniversary of the Adina Commencement Date (the "Second Anniversary").

On the date the Company grants to a third party an option to acquire an interest of 50% or more in the Adina property the Adina Vendors will have reserved a 2% net smelter returns royalty resulting from the extraction and production of any minerals on the property.

The Company has the right at any time to purchase one-half of the net-smelter royalty by paying a total cash amount of \$1,000,000 to the Adina Vendors.

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**Exploration and Evaluation Expenditures**

The following table details exploration and evaluation expenses incurred in the period and expensed to profit and loss:

	Year ended July 31, 2024	January 10 to July 31, 2023
Consulting	\$ 435	\$ -
Indirect mineral claim fees	3,576	2,046
Supplies and other	17,339	39,338
Travel	9,740	979
<b>Total exploration and evaluation expenses</b>	<b>\$ 31,090</b>	<b>\$ 42,363</b>

**7. Accounts Payable and Accrued Liabilities**

	July 31, 2024	July 31, 2023
Accounts payable	\$ 355,663	\$ 56,400
Accrued liabilities	83,105	36,575
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 438,768</b>	<b>\$ 92,975</b>

**8. Related Party Transactions and Balances**

**Key management compensation**

Key management of the Company consist of the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”), the Chief Geological Officer (“CGO”), as well as directors of the Company. During the year ended July 31, 2024, the Company incurred the following expenses in relation to key management compensation:

	Year ended July 31, 2024	Period from incorporation on January 10, 2023 to July 31, 2023
<b>Key management compensation</b>		
Consulting fees paid to an entity controlled by the CEO of the Company (i)	\$ 100,000	\$ 52,500
Consulting fees paid to an entity controlled by the CFO of the Company (ii)	79,500	7,500
Consulting fees paid to an entity controlled by the CGO of the Company (iii)	120,000	-
Share based compensation (iv)	225,000	-
<b>Total key management compensation</b>	<b>\$ 524,500</b>	<b>\$ 60,000</b>

- (i) As at July 31, 2024, there was \$5,625 (July 31, 2023 - \$nil) payable to an entity controlled by the CEO of the Company. This entire balance is unsecured, due on demand and non-interest bearing and is presented within due to related parties as at July 31, 2024.
- (ii) As at July 31, 2024, there was \$19,013 (July 31, 2023 - \$7,500) payable to an entity controlled by the CFO of the Company. This entire balance is unsecured, due on demand and non-interest bearing and is presented within due to related parties as at July 31, 2024.
- (iii) As at July 31, 2024, there was \$38,680 (July 31, 2023 - \$nil) payable to an entity controlled by the CGO of the Company. \$22,555 of this balance is related to reimbursable expenses incurred by the CGO on behalf of the Company. This entire balance is unsecured, due on demand and non-interest bearing and is presented within due to related parties as at July 31, 2024.

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- (iv) Share-based compensation relates to Performance Share Units (“PSU”) issued to the CEO, and CGO of the Company (Note 10) during the year ended July 31, 2024. For the period from January 10, 2023 to July 31, 2023, the Company incurred no share-based compensation to key management personnel.

## 9. Share Capital

### a) Common Shares

As at July 31, 2024, the Company is authorized to issue an unlimited number of common shares without par value.

Issued and outstanding common shares	Number of Shares	Amount
<b>Balance at January 10, 2023</b>	<b>1</b>	<b>\$ 1</b>
Common shares issued on private placement (i)(ii)	13,067,999	1,360,200
Common shares issued on exercise of share purchase warrants (i)	3,000,000	300,000
Share issuance costs (i)	-	(60,148)
Common shares issued to acquire mineral property rights (iii)	271,266	40,690
Common shares issued to settle of debt (iv)	367,500	55,125
<b>Balance at July 31, 2023</b>	<b>16,706,766</b>	<b>\$ 1,695,868</b>
Common shares issued to acquire mineral property rights (Note 6)	5,025,000	1,966,250
Common shares issued on exercise of share purchase warrants (Note 9(b))	1,070,165	321,050
Share issuance costs	-	(13,000)
Common shares issued on exercise of PSUs (Note 10(a))	1,500,000	225,000
<b>Balance at July 31, 2024</b>	<b>24,301,931</b>	<b>\$ 4,195,168</b>

As at July 31, 2024, the Company had 5,867,501 common shares held in escrow.

- (i) During April and May of 2023, the Company completed a private placement financing resulting in the issuance of 6,000,000 Units (each a “Unit”) at a subscription price of \$0.05 per Unit for aggregate proceeds of \$300,000. Each Unit is comprised of one common share and one warrant (each a “Warrant”) of the Company. Each Warrant is exercisable into one common share of the Company at an exercise price of \$0.10 per common share for a period ending on the earlier of:

- three years following the Closing Date (as defined herein), or
- two years following the date on which the Company’s common shares are first listed for trading on any recognized stock exchange in Canada or the United States

On June 15, 2023, the Company authorized a warrant incentive program (“Incentive Program”) to solicit early exercise of the Warrants, issued as part of the Unit offerings in April and May 2023 (the “Eligible Warrants”). For a 90-day period beginning June 15, 2023 (the “Incentive Period”), for exercise of each Eligible Warrant, the Company grants one warrant of the Company (each an “Incentive Warrant”) exercisable at a price of \$0.10 per Incentive Warrant for a period of 24 months from the issuance date.

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During the Incentive Period, 3,000,000 Eligible Warrants were exercised for gross proceeds of \$300,000 and the Company recorded an obligation to issue 3,000,000 Incentive Warrants. The Incentive Warrants were accounted for as a share issuance cost with a fair value of \$57,000, measured using the Black Scholes Option Pricing Model and the following weighted average inputs and assumptions:

	<b>Period from incorporation on January 10, 2023 to July 31, 2023</b>
Share price at grant date	\$0.05
Exercise Price	\$0.10
Expected annual volatility	100%
Expected life (in years)	2.00
Expected dividend yield	0%
Risk-free interest rate	4.61%
Fair value per Incentive Warrant	\$0.019

As at July 31, 2023, the Incentive Warrants have not been formally granted and has been presented as an obligation to issue warrants on the Company's Statement of Financial Position. During the year ended July 31, 2024, the Company formally granted the Incentive Warrants and subsequently reclassified \$57,000 from obligation to issues warrants to contributed surplus.

- (ii) On July 19, 2023, the Company completed a private placement financing resulting in the issuance of 7,067,999 Units (each a "Unit") at \$0.15 per Unit for gross proceeds of \$1,060,200. Each Unit is comprised of one common share and one-half of a warrant (each whole warrant a "Warrant") of the Company. Each Warrant is exercisable into one common share of the Company at a price of \$0.30 per common share for a period of 24 months from the date of issuance.

In connection with the private placement, the Company incurred legal expenses of \$3,147 which were recognized as share issuance costs.

- (iii) On July 3, 2023, the Company issued 271,266 common shares with a fair value of \$0.15 per common share in relation to acquisition of the Radar Property (Note 6).
- (iv) The Company issued 367,500 common shares with a fair value of \$55,125 in relation to settlement of a balance of \$55,125 payable to the CEO of the company.

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**b) Warrants**

The Company's warrants outstanding as at July 31, 2024 and the changes for the year ended July 31, 2024 are as follows:

	Number of Warrants		Weighted Average Exercise Price
<b>Balance at January 10, 2023</b>	-	\$	-
Issued (note 9(a)(i)(ii))	12,533,995		0.16
Exercised (note 9(a)(i))	(3,000,000)		0.10
<b>Balance at July 31, 2023</b>	<b>9,533,995</b>	<b>\$</b>	<b>0.17</b>
Exercised (i)	(1,070,165)		0.30
<b>Balance at July 31, 2024</b>	<b>8,463,830</b>	<b>\$</b>	<b>0.16</b>

- (i) The Company received net proceeds of \$321,050 from the exercise of 1,070,165 share purchase warrants during May and June 2024.

Warrants issued and outstanding as at July 31, 2024 are as follows:

Number of Warrants Outstanding	Number of Warrants Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
1,500,000	1,500,000	\$0.10	April 21, 2026	1.72
1,500,000	1,500,000	\$0.10	May 11, 2026	1.78
2,463,830	2,463,830	\$0.30	July 19, 2025	0.97
3,000,000	3,000,000	\$0.10	June 26, 2025	0.90
<b>8,463,830</b>	<b>8,463,830</b>			<b>1.22</b>

## 10. Share Based Compensation

### Equity incentive plan

On February 16, 2024, the Company implemented an Equity Incentive Plan (the "EIP") which provides for the grant to eligible consultant, directors, and employees (including officers) of share options ("Options"), Restricted Share Units ("RSU"), Deferred Share Units ("DSU"), and Performance Share Units ("PSU"). The aggregate number of common shares ("Share") that may be subject to issuance under the Equity Incentive Plan, together with any other securities-based compensation arrangements of the Company, shall not exceed 10% of the Company's issued and outstanding share capital from time to time.

The term or expiry date of Options is determined by the Board but cannot be greater than ten years from the date the Option is granted. Options may be earlier terminated in the event of death or termination of employment or appointment. Vesting of Options is determined by the Board. The Board has the right to accelerate the date upon which any instalment of any Option becomes exercisable. Options which are vested, remain fully vested and are exercisable until expiration or termination of the Option.

The Board shall have the authority to determine any vesting terms applicable to the grant of RSUs, provided that no RSUs shall vest until at least one year following the date of grant. The Plan Administrator shall have the sole authority to determine the settlement terms applicable to the grant of RSUs. Subject to the EIP except as otherwise provided in an Award Agreement, on the settlement date for any RSU, the Participant shall redeem each vested RSU for:

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- (i) one fully paid and non-assessable Share issued from treasury to the participant or as the participant may direct; or
- (ii) a cash payment; or
- (iii) a combination of Shares and cash

in each case as determined by the Board in its discretion.

The Board may fix a portion of the Director Fees to be payable in the form of DSUs. In addition, each Director (“Electing Person”) is given the right to elect an amount (the “Elected Amount”) to be paid in the form of DSUs in lieu of cash; subject to the conditions of the EIP. The Board shall have the authority to determine any vesting terms applicable to the grant of DSUs, provided that no DSUs shall vest until at least one year following the date of grant. In no event shall a DSU be settled prior to, or later than one year following, the date of the applicable participant’s separation from service. If the DSU award agreement does not establish a date for the settlement of the DSUs, then the settlement date shall be the date of except as otherwise provided in an award agreement. On the settlement date for any DSU, the Participant shall redeem each vested DSU for:

- (i) one fully paid and non-assessable Share issued from treasury to the participant or as the participant may direct; or
- (ii) a cash payment; or
- (iii) a combination of Shares and cash as contemplated by paragraphs (i) and (ii)

in each case as determined by the Board in its discretion.

The Board may prescribe, grant PSUs to any participant in respect of services rendered in the year of grant. Each PSU consists of a right to receive a Share of the Company, cash payment, or a combination thereof upon the achievement of such performance goals during such performance periods as the Board shall establish. The performance goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the termination of a participant’s employment and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Board. The Board has the authority to determine any vesting terms applicable to the grant of PSUs, provided that no PSUs shall vest until at least one year following the date of grant while the Shares are posted for trading on a securities exchange. On the settlement date for any PSU, the Participant shall redeem each vested PSU for:

- (i) one fully paid and non-assessable Share issued from treasury to the participant or as the participant may direct; or
- (ii) a cash payment; or
- (iii) a combination of Shares and cash as contemplated by paragraphs (i) and (ii) in each case as determined by the Board in its discretion.

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Share-based compensation is as follows:

	Year ended July 31, 2024	Period from incorporation on January 10, 2023 to July 31, 2023
PSU (a)	\$ 225,000	\$ -

**(a) Performance Share Units**

The changes in PSU are as follows:

	Number of PSU
<b>Balance at January 10, 2023 and July 31, 2023</b>	-
Issued (i)	1,500,000
Exercised (i)	(1,500,000)
<b>Balance at July 31, 2024</b>	-

(i) On February 16, 2024, the Company granted 750,000 PSUs each to the CEO and CGO of the Company. The PSUs were valued at \$0.15 per unit, equal to the value of a common share from the most recent private placement financing prior to the PSU grant. The PSUs fully vest on the date of filing of the Company's final prospectus in connection with the Company's initial public offering.

On July 15, 2024, the performance conditions of the PSU were fulfilled and 1,500,000 PSUs were exercised into 1,500,000 common shares of the Company.

## 11. Financial Instruments

### *Fair values*

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The carrying values of cash, receivable, accounts payables, income tax payable, and due to related party balances approximate their fair values due to the immediate or short-term nature of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Change in assumptions could significantly affect the estimates.

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The following table summarizes the classification of the Company's financial instruments under IFRS 9:

<b>Financial assets</b>	
Cash	Fair value through profit and loss
Due from related parties	Amortized cost
Receivables	Amortized cost
<b>Financial liabilities</b>	
Accounts payables	Amortized cost
Due to related parties	Amortized cost

### **Capital and Risk Management**

The Company's objective and policies for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company defines the components of its capital structure as being loans from related parties plus equity. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk and foreign currency risk. The Company's directors have the overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the period. Risk management is carried out by the finance department under policies approved by the Company's directors. The finance department identifies and evaluates financial risks in close cooperation with management.

#### **Credit risk**

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to address risk related to cash and receivables. Receivables is associated with GST receivable balances. Given the GST is payable by the government of Canada, management feels there is minimal credit risk associated with this receivable balance. Similarly, cash is held with a large Canadian banking institution and there is minimal credit risk associated with cash balances.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company relies on external financing to provide sufficient liquidity to meet budgeted operating requirements. The following table sets forth details of the payment profile of financial liabilities based on their undiscounted cash flows:

	<b>Total carrying amount</b>	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounts payables and accrued liabilities	438,768	438,768	438,768	-	-
<b>Total</b>	<b>438,768</b>	<b>438,768</b>	<b>438,768</b>	<b>-</b>	<b>-</b>

Taking into consideration the Company's current cash position, the Company continues to review its needs to seek financing opportunities in accordance with its capital structure management strategy. Liquidity risk is assessed as high.

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**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates. It is management's opinion that the Company is not exposed to significant interest rate risk.

**12. Income taxes**

The reconciliation of the income tax rate to the income tax recovery presented in the accompanying statements of comprehensive loss is provided below:

For the	Year ended July 31, 2024	Period from incorporation on January 10, 2023 to July 31, 2023
Income / (Loss) before taxes	\$ (1,174,272)	\$ (211,358)
Statutory income tax rate	27%	27%
<b>Expected tax expense (recovery) at statutory rate</b>	<b>\$ (317,000)</b>	<b>\$ (57,000)</b>
<b>Increase (decrease) in taxes resulting from:</b>		
Non-taxable (deductible) expenditures and other	\$ (647,000)	\$ 2,000
Share issuance costs	\$ (4,000)	\$ -
Other	\$ (27,000)	\$ 14,000
Change in deferred income tax assets not recognized	\$ 995,000	\$ 41,000
<b>Income tax expense (recovery)</b>	<b>-</b>	<b>-</b>

The significant components of deferred tax assets that have not been included in the statements of financial position are as follows:

	July 31, 2024	July 31, 2023
Non-capital losses carried forward	\$ 293,000	\$ 55,000
Share issuance costs	3,000	1,000
Exploration and evaluation assets	703,000	(26,000)
Property and Equipment	9,000	1,000
Investment tax credit	28,000	10,000
	1,036,000	41,000
<b>Unrecognized deferred tax assets</b>	<b>\$ (1,036,000)</b>	<b>\$ (41,000)</b>

The Company has non-capital losses of approximately \$1,086,000 (July 31, 2023 - \$214,900) which are available to reduce future year's taxable income. The non-capital losses will expire between 2043 – 2044 if not utilized. Management estimates future income using forecasts based on the based available current information.

### 13. Supplemental Cash Flow Information

The following are non-cash activities that occurred during the year ended July 31, 2024 and the period from incorporation on January 10, 2023 to July 31, 2023:

	July 31, 2024	July 31, 2023
Shares issued to settle accounts payable (Note 9)	\$ -	\$ 55,125
Exploration and evaluation expenditures in accounts payable	\$ 75,263	\$ 45,472
Issuance of incentive warrants	\$ -	\$ 57,000
Exercise of PSU	\$ 225,000	\$ -
Shares issued to acquire mineral property rights	\$ 1,966,250	\$ 40,690

### 14. Events After Reporting Period

- On September 23, 2024, the Company completed an initial public offering (the "Offering") consisting of 2,320,750 hard dollar units of the Company (the "HD Units") at a price of \$0.40 per HD Unit, 167,166 standard flow-through units of the Company (the "Standard FT Units") at a price of \$0.48 per Standard FT Unit and 1,250,000 charity flow-through units of the Company (the "Charity FT Units") at a price of \$0.60 per Charity FT Unit for aggregate gross proceeds of \$1,758,500, pursuant to the Company's final prospectus in Manitoba and amended and restated final prospectus for British Columbia, Alberta and Ontario dated August 30, 2024 (collectively, the "Prospectus").

Each HD Unit consists of one common share of the Company and one-half of one transferable common share purchase warrant (each whole such warrant, an "HD Warrant"). Each HD Warrant will entitle its holder to purchase one common share of the Company (each, a "Warrant Share") at a price of \$0.60 per Warrant Share at any time prior to 24 months following the closing of the Offering.

Each Standard FT Unit consists of a "flow-through share" and one-half of one transferable common share purchase warrant (each whole such warrant, a "Standard FT Warrant"), which Standard FT Warrant will qualify as a "flow-through share" as defined in subsection 66(15) of the Tax Act. The Standard FT Warrants will have the same terms as the HD Warrants and are exercisable into Warrant Shares. The Warrant Share underlying the Standard FT Warrant will not qualify as "flow-through shares" under the Tax Act.

Each Charity FT Unit consists of a "flow-through share" as defined in subsection 66(15) of the Tax Act and one-half of one transferable common share purchase warrant (each whole such warrant, a "Charity FT Warrant"), which Charity FT Warrant will qualify as a "flow-through share" as defined in subsection 66(15) of the Tax Act. The Charity FT Warrants will have the same terms as the HD Warrants and Standard FT Warrants and are exercisable into Warrant Shares. The Warrant Share underlying the Charity FT Warrant will not qualify as "flow-through shares" under the Tax Act.

Research Capital Corporation (the "Agent") acted as sole agent and bookrunner for the Offering, pursuant to an agency agreement dated August 30, 2024. In connection with the Offering, the Company paid to the Agent a cash commission in the amount of \$87,400 and granted to the Agent non-transferrable warrants entitling the Agent or its subagents, as applicable, to purchase up to a total of 185,783 common shares of the Company at a price of \$0.40 for a period of 24 months following the closing of the Offering. In addition to reimbursement of certain expenses, the Agent received a corporate finance fee of \$50,000.

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In connection with the closing of the Offering, the Company is pleased to announce the issuance of an aggregate of 500,000 incentive stock options (the "IPO Options") to certain directors and officers of the Company as set out in the Prospectus. Each IPO Option entitles the holder thereof to acquire one common share of the Company at a price of \$0.40 per common share for a period of two years from the date of grant. The Company also issued a further 225,000 incentive stock options (the "Consultant Options") to consultants of the Company with each Consultant Option entitling the holder thereof to acquire one common share of the Company at a price of \$0.40 per common share for a period of one year from the date of grant. The grant of the Consultant Options is subject to approval by the TSXV.

- On November 5, 2024, the Company completed the second and final tranche of its Offering raising aggregate gross proceeds of \$1,116,460. The second tranche consisted of an aggregate of 554,250 hard dollar units (each, a "HD Unit") at a price of \$0.40 per HD Unit, 1,030,751 standard flow-through units (each, a "Standard FT Unit") at a price of \$0.48 per Standard FT Unit and 666,667 charity flow-through units (each, a "Charity FT Unit") at a price of \$0.60 per Charity FT Unit. Each HD Unit consists of one common share of the Company and one-half of one transferable common share purchase warrant (each whole such warrant, an "HD Warrant"). Each HD Warrant will entitle its holder to purchase one common share in the capital of the Company (each, a "Warrant Share") at a price of \$0.60 per Warrant Share at any time until September 23, 2026.

In connection with the second tranche of the Offering, the Company paid to the Agent a cash commission in the amount of \$69,666, a corporate finance fee of \$5,000 plus GST, and granted to the Agent non-transferrable warrants entitling the Agent or its subagents, as applicable, to purchase up to a total of 146,308 common shares of the Company at a price of \$0.40 per share until September 23, 2026.

- On September 17, 2024, the Company entered into an agreement to purchase 0.5% of the net smelter returns royalty (the "Purchased Royalty") in respect of certain mineral claims on its Radar Titanium-Vanadium property (the "Property"). A 1.5% net smelter returns royalty was granted to the vendors of the Property pursuant to the title transfer agreements under which the Company acquired the Property. The forgoing claims remain subject to a 1.0% net smelter returns royalty following the Company's acquisition of the Purchased Royalty. The remaining mineral claims that comprise the Property continue to be subject to a 1.5% net smelter returns royalty. The Company acquired the Purchased Royalty in consideration for the issuance 25,000 common shares of Company (the "Consideration Shares") and 150,000 common share purchase warrants (the "Consideration Warrants"). Each Consideration Warrant entitles the holder to acquire one common share in the capital of the Company at a price of \$0.40 per share for a period of 12 months following the date of issuance. The Consideration Shares and Consideration Warrants are subject to a statutory hold period that expires four months and one day from the date of issuance. The Consideration Shares are also subject to contractual lock-up period of two years, with 25% of the Consideration Shares being released from lock-up every six months following the date of issuance.