

European Energy Metals Corp.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MAY 31, 2024 AND 2023

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of European Energy Metals Corp.

Opinion

We have audited the consolidated financial statements of European Energy Metals Corp. and its subsidiaries (together, the "Company") which comprise:

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

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

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 *Auditors' Responsibilities for the Audit of the consolidated financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. 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 consolidated financial statements for the year ended May 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

We draw attention to Notes 2(e), 3 and 9 of the consolidated financial statements. As at May 31, 2024, the Company has E&E Assets of \$2,960,155. At the end of each reporting period, management applies judgment in assessing whether there are any facts and circumstances that indicate that the carrying amount of E&E Assets may exceed its recoverable amount. If any such indication exists, the recoverable amount of the related asset is estimated in order to determine the extent of impairment, if any. Indicators of impairment may include (i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) 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 in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. As a result, management identified impairment indicators for the Champ property and recognized an impairment loss of \$311,231 in the year ended May 31, 2024. No impairment indicators were identified by management for the remaining E&E Assets as at May 31, 2024.

We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in its assessment of impairment indicators related to E&E Assets. This resulted in a high degree of subjectivity in performing audit procedures related to the judgments applied by management.

Our approach to addressing the matter included the following procedures, among others:

Assessed the judgments made by management in determining whether there were impairment indicators related to the exploration and evaluation assets, which included the following:

- Obtained, for all mining claims, by reference to government registries, evidence of the right to explore the area.
- Considered which claims will expire in the near future and where management does not have plans to renew by obtaining exploration and evaluation budgets and through discussions with management.
- Assessed the planned substantive expenditures on further exploration for and evaluation of mineral resources in the specific area by reading the minutes of the board of directors and obtaining exploration and evaluation budgets.
- Assessed whether the exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources leading the Company to discontinue activities in the specific area, or whether sufficient data exists to indicate that the carrying value of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale, based on evidence obtained through reading the Company's resource reports, discussions with management and the audit committee, reading the minutes of the board of directors, reading the Company's news releases and obtaining exploration and evaluation budgets.

Other Information

Management is responsible for the other information. The other information comprises the Company's Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 Consolidated Financial Statements

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

In preparing the consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' 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 auditors' report is Waseem Javed.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
October 1, 2024

European Energy Metals Corp.
Consolidated Statements of Financial Position
As at May 31, 2024 and 2023
(Expressed in Canadian dollars)

	2024	2023
	\$	\$
ASSETS		
CURRENT		
Cash	1,742,720	892,711
Amounts receivable	38,683	20,980
Prepayments (Note 8)	37,748	134,684
	1,819,151	1,048,375
Exploration and evaluation assets (Note 9)	2,960,155	461,231
TOTAL ASSETS	4,779,306	1,509,606
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 11)	241,474	158,903
	241,474	158,903
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	6,748,558	1,725,011
Reserves (Note 10)	1,026,474	651,323
Deficit	(3,237,200)	(1,025,631)
	4,537,832	1,350,703
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,779,306	1,509,606

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 13)

Approved and authorized for issue on behalf of the Board on October 1, 2024

"Larry Taddei" Director

"Jeremy Poirier" Director

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

European Energy Metals Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended May 31, 2024 and 2023
(Expressed in Canadian dollars)

	2024	2023
	\$	\$
EXPENSES		
Consulting fees	-	51,708
Filing and transfer agent fees	69,388	39,617
Investor relations and communications	680,121	-
Management fees (Note 11)	264,000	167,909
Marketing and advertising	84,589	98,563
Office and accounting	86,345	19,243
Professional fees (Note 11)	136,830	81,114
Share-based payments (Note 10 and 11)	490,090	90,477
Travel	60,105	44,849
Operating loss	1,871,468	593,480
Other items		
Write-off of exploration and evaluation assets (Note 8)	311,231	-
Foreign exchange loss	28,952	-
Interest income	(82)	-
NET LOSS AND COMPREHENSIVE LOSS	2,211,569	593,480
Basic and diluted loss per share	(0.07)	(0.05)
Weighted average number of common shares outstanding, basic and diluted	31,968,693	10,894,705

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

European Energy Metals Corp.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended May 31, 2024 and 2023
(Expressed in Canadian dollars)

	Common Shares		Reserves	Deficit	Total
	Number of Shares	Amount \$			
Balance, May 31, 2022	7,272,364	855,658	313,528	(432,151)	737,035
Shares issued for cash, net	12,800,000	1,152,000	-	-	1,152,000
Shares issuance costs	918,799	(346,882)	254,053	-	(92,829)
Shares issued pursuant to the Earn-In Agreement (Note 9)	100,000	50,000	-	-	50,000
Exercise of stock options, net	50,000	14,235	(6,735)	-	7,500
Restricted share compensation	-	-	90,477	-	90,477
Net loss	-	-	-	(593,480)	(593,480)
Balance, May 31, 2023	21,141,163	1,725,011	651,323	(1,025,631)	1,350,703
Shares issued for cash, net	12,023,354	4,328,407	-	-	4,328,407
Share issuance costs	695,000	(410,003)	109,514	-	(300,489)
Shares issued from exercise of warrants	147,299	32,382	(3,192)	-	29,190
Shares issued for asset acquisitions of assets	2,500,000	851,500	-	-	851,500
Restricted share units granted	-	-	313,637	-	313,637
Restricted share units forfeited	-	-	(10,179)	-	(10,179)
Shares issued upon exercise of restricted shares units	460,000	220,800	(220,800)	-	-
Stock options granted	-	-	186,632	-	186,632
Net loss and comprehensive loss	-	-	-	(2,211,569)	(2,211,569)
Balance, May 31, 2024	36,966,816	6,748,097	1,026,935	(3,237,200)	4,537,832

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

European Energy Metals Corp.
Consolidated Statements of Cash Flows
For the years ended May 31, 2024 and 2023
(Unaudited – Expressed in Canadian dollars)

	2024	2023
Cash provided by (used in):	\$	\$
OPERATING ACTIVITIES		
Net loss	(2,211,569)	(593,480)
Non-cash items		
Share-based payments	490,090	90,477
Net changes in non-cash working capital items:		
Prepayments	96,936	(134,684)
Amounts receivable	(17,703)	(17,851)
Accounts payable and accrued liabilities	52,591	80,234
Net cash used in operating activities	(1,589,655)	(575,304)
INVESTING ACTIVITY		
Expenditure on exploration and evaluation assets	(1,617,444)	(175,000)
Net cash used in investing activity	(1,617,444)	(175,000)
FINANCING ACTIVITY		
Shares issued for cash, net (Note 9)	4,328,407	1,066,671
Share issuance costs	(300,489)	-
Proceeds on exercise of warrants	29,190	-
Net cash provided by financing activity	4,057,108	1,066,671
Change in cash	850,009	316,367
Cash, beginning	892,711	576,344
Cash, ending	1,742,720	892,711

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

European Energy Metals Corp.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

European Energy Metals Corp. (formerly Hilo Mining Ltd.) (the “Company”) was incorporated on February 2, 2021 under the laws of British Columbia. The Company commenced trading on the TSX Venture Exchange on April 29, 2022 under the trading symbol “HILO.V”. The address of the Company’s corporate office and its principal place of business is 503 - 905 Pender Street, Vancouver, British Columbia, Canada, V6C 1L6. The Company was incorporated as a subsidiary of Golden Independence Mining Corp. (“Golden”). On April 25, 2023, the Company changed its name to European Energy Metals Corp. and updated its trading symbol to “FIN.V”.

The Company’s principal business activities include the acquisition and exploration of mineral property assets in Canada and Finland. On April 22, 2021, the Company entered into an arrangement agreement (the “Arrangement”) with its parent entity, Golden, whereby the Company issued 1,500,000 common shares to Golden in exchange for Golden’s mining claim representing the Champ exploration property (the “Champ Property”). Under the Arrangement, Golden distributed 1,000,000 of the common shares to its shareholders and Golden retained 500,000 common shares of the Company. The Company completed the Arrangement on November 12, 2021.

The Company’s consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. Management recognizes that the Company will need to obtain additional financial resources in order to meet its planned business objectives. The Company has not generated cash flows from operations and has an accumulated deficit of \$3,237,200 as at May 31, 2024. The Company’s ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. There are no assurances that the Company will be able to obtain additional financial resources and/or achieve positive cash flows or profitability. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These financial statements do not give effect to any adjustments that 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 these financial statements.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

2. MATERIAL ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“IFRS”).

The consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on October 1, 2024.

European Energy Metals Corp.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

2. MATERIAL SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated from the date of acquisition of control.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The principal subsidiaries and their geographic locations at May 31, 2024, were as follows:

Name of Subsidiary	Proportion of Ownership Interest	Country of incorporation	Functional currency	Principal Activity
BB Gold Inc.	100%	Canada	Canadian	Holding company
Sisu Exploration Oy	100%	Finland	Canadian	Holds mineral interest in Finland
Grit Exploration Oy	100%	Finland	Canadian	Holds mineral interest in Finland

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

d) Financial Instruments

Financial Assets

On initial recognition financial assets are classified as measured either at:

- i. Amortized cost;
- ii. Fair value through other comprehensive income ("FVOCI"); or
- iii. Fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

European Energy Metals Corp.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Financial Instruments (continued)

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

The Company's cash is classified at FVTPL.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at either (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

European Energy Metals Corp.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Financial Instruments (continued)

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

e) Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as mineral concession taxes, option payments, wages and salaries, surveying, geological consulting and laboratory, field supplies, travel and administration. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they are incurred. Exploration and evaluation assets are not amortized during the exploration and evaluation stage. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'.

f) Impairment of non-financial assets

Non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down to its recoverable amount. An impairment loss is charged to statements of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in income or loss.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units" or "CGUs"). These are typically the individual properties or projects.

European Energy Metals Corp.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

g) Reclamation provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mine property, plant and equipment. These costs are depreciated on a basis consistent with the depreciation, depletion, and amortization of the underlying assets. The obligation is accreted over time for the change in its present value, with this accretion charge recognized as a finance expense in profit or loss. Additional environment disturbances or changes in reclamation costs will be recognized as additions to the corresponding assets and reclamation provision in the year in which they occur.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur. The Company has no material restoration, reclamation, rehabilitation or environmental obligation as the disturbance to date is minimal.

h) Share-based payments

Share-based payments to employees are measured at fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of stock options is determined using the Black-Scholes Option Pricing Model. The number of shares and stock 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.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand readily convertible into a known amount of cash and can be redeemed at any time without penalties, and amounts held in trust.

j) Share capital

The Company's common shares, and any future offerings of share warrants and options are classified as equity instruments. Incremental costs directly related to the issue of new shares or options are shown in equity as a deduction from the proceeds. For equity offerings of units consisting of a common share and warrant, when both instruments are classified as equity, warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

European Energy Metals Corp.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Income taxes

Income taxes comprises both current and deferred tax. Income tax is recognized in the statement of loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the income tax is also recognized in other comprehensive income or directly in equity. Current income taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to taxes payable in respect of previous years.

The Company accounts for potential future net tax assets which are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, no net asset is recognized.

l) Loss per share

Basic loss per share is calculated by dividing the net loss for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity, to the extent their inclusion is not anti-dilutive. Basic and diluted loss per share are the same for the periods presented. The Company uses the treasury stock method of calculating fully diluted earnings per share amounts, whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the year.

m) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the consolidated statement of financial position date are recognized in the statement of comprehensive loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

European Energy Metals Corp.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

- The inputs used in valuing share-based payments.
 - The Company uses the fair-value method of accounting for share-based payments (related to incentive stock options and compensation warrants granted, modified or settled). Under this method compensation costs attributable to stock option awards granted are measured at fair value at the issue or grant date and are expensed over the vesting period. In determining the fair value for share-based payments, the Company uses option pricing models and makes estimates of the expected volatility of the stock, the expected life and risk-free rate. The expected volatility is based on historical volatility of the Company or comparable companies' stock over a period commensurate with the expected life of the option. Changes to these estimates could result in the fair value of share-based payments expense being less than or greater than the amount recorded.

Significant accounting judgments

- The evaluation of the Company's ability to continue as a going concern.
 - The Company's management has assessed the Company's ability to continue as a going concern. Factors considered by management are disclosed in Note 1.
- Exploration and evaluation assets
 - The Company is required to review the carrying value of its exploration and evaluation properties at each reporting date for potential impairment. Impairment is indicated if the carrying value of the Company's exploration and evaluation assets is not recoverable. If impairment is indicated, the amount by which the carrying value of exploration and evaluation assets exceeds their estimated fair value is charged to the statements of comprehensive loss.
 - Evaluating for recoverability during the exploration and evaluation phase requires judgment in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's financial ability to continue exploration and evaluation activities, contractual issues with joint venture partners, the impact of government legislation and political stability in the region, and the impact of current and expected future metal prices on potential reserves.
- Deferred taxes
 - The Company recognizes the deferred tax benefit related to deferred tax assets to the amount that is probable to be realized. Assessing the recoverability of deferred tax assets requires management to make significant judgments in connection with future taxable profits. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets.

European Energy Metals Corp.

Notes to the Consolidated Financial Statements

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4. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the year ended May 31, 2024 and have not been applied in preparing these consolidated financial statements nor does the Company expect these amendments to have a significant effect on its consolidated financial statements.

5. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, reserves and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK*Fair value*

As at May 31, 2024, the Company's financial instruments consist of cash, accounts payable and accounts receivable.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The fair value of cash is based on Level 1 inputs. There are no Level 2 or Level 3 financial instruments.

The Company's financial instruments include cash and accounts payable. Cash is measured at fair value and account payable is measured at amortized cost.

European Energy Metals Corp.

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6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk, the Company places its cash with high quality financial institutions.

Liquidity risk

The Company manages liquidity risk through the management of its capital structure, as outlined in Note 5. The Company monitors its ability to meet its short-term exploration and administrative expenditure requirements by raising additional funds through share issuances when required.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable, and commitments that are denominated in a foreign currency. As at May 31, 2024, a 10% fluctuation in the foreign exchange rate of the Euro against the Canadian dollar would affect the Company's cash, account payable, and commitments by approximately \$9,000.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk.

7. ASSET ACQUISITION

On September 1, 2023, the Company acquired all the shares of BB Gold Inc., a company existing under the laws of Newfoundland and Labrador and its wholly owned Finnish subsidiary Sisu Exploration Oy, from a private individual (the "Vendor") in exchange for the issuance of 1,250,000 common shares (the "Consideration Shares") and \$10,000 cash. The Consideration Shares are subject to the following contractual resale restrictions:

Number of Consideration Shares	Contractual Resale Restriction Period
500,000	No contractual resale restriction
250,000	December 1, 2023
250,000	March 1, 2024
250,000	June 1, 2024

The acquisition constitutes an asset acquisition (the "Transaction"), as the Company does not meet the definition of a business combination as defined in IFRS 3. Through this acquisition the Company acquired a 100% interest in seven mineral reservations, covering approximately 3,106.5 km² located in northern and central Finland. The Vendor is granted a 1% net smelter royal on six of the seven concessions.

The purchase price allocation requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed. As a result of this asset acquisition, \$631,411 has been capitalized in exploration and evaluation assets. The table below summarizes the fair value of the consideration given and the fair values of identified assets and liabilities recognized as a result of the Transaction.

European Energy Metals Corp.

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7. ASSET ACQUISITION (CONTINUED)

Purchase price	\$
Fair value of consideration shares	575,000
Fair value of cash paid	10,000
Total consideration	585,000
Allocation of purchase price	
Cash	8,602
Sales tax receivable	14,493
Exploration and evaluation assets	631,411
Trade and accrued liabilities	(69,506)
Net assets acquired	585,000

8. PREPAYMENTS

Prepayments consist of:

	2024	2023
	\$	\$
Administration and insurance	28,280	9,929
Marketing & advertising	9,468	74,755
Property and geological advances	-	50,000
	37,748	134,684

European Energy Metals Corp.

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9. EXPLORATION AND EVALUATION ASSETS

Expenditures related to the acquisition and exploration of mineral properties consisted of:

	Central Finland Property (Capella) \$	Northern Finland Property (BB Gold) \$	Champ Property \$	Total \$
Acquisition Costs:				
Balance, May 31, 2022	-	-	236,231	236,231
Acquisition pursuant to Earn-In Agreement	150,000	-	-	150,000
Balance, May 31, 2023	150,000	-	236,231	386,231
Exploration and evaluation assets acquired from the Transaction (Note 7)	526,500	631,411	-	1,157,911
Balance, May 31, 2024	676,500	631,411	236,231	1,544,142
Exploration Costs:				
Balance, May 31, 2022	-	-	-	-
Additions	-	-	75,000	75,000
Balance, May 31, 2023	-	-	75,000	75,000
Additions	1,652,244	-	-	1,652,244
Balance, May 31, 2024	1,652,244	-	75,000	1,727,244
Impairment:				
Recorded during the year ended May 31, 2024	-	-	(311,231)	(311,231)
Total, May 31, 2023	150,000	-	311,231	461,231
Total, May 31, 2024	2,328,744	631,411	-	2,960,155

The following table summarizes the accumulated expenditures of exploration and evaluation costs:

As at May 31, 2024	Central Finland Property (Capella) \$	Northern Finland Property (BB Gold) \$	Champ Property \$	Total \$
Field supplies	127,348	-	-	127,348
Geological and related	602,851	-	-	602,851
Geological consulting	707,460	-	-	707,460
Surveying	-	-	75,000	75,000
Travel	214,585	-	-	214,585
Total	1,652,244	-	75,000	1,727,244

European Energy Metals Corp.

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9. EXPLORATION AND EVALUATION ASSETS (CONTINUED)*Capella Property*

Pursuant to an earn-in agreement (the "Earn-In Agreement") dated April 6, 2023, with Capella Minerals Limited ("Capella"), the Company acquired the option to earn up to an 80% interest in a portfolio of reservations held by Capella in central Finland (the "Capella Property"). The Capella Property is subject to a 1% net smelter return royalty and the Company is the operator of the project.

Terms of the Earn-In Agreement:

The Company had the option to earn a 51% interest in the Property (the "Initial Option") by ;

- (i) making a cash payment of \$100,000 (paid) and issuing 100,000 common shares (issued and valued at \$50,000) to Capella upon receiving TSX Venture Exchange approval of the Earn-In Agreement (approval received);
- (ii) completing \$500,000 in expenditures on the Capella Property and issuing 150,000 common shares (issued and valued at \$34,500) to Capella on before the first anniversary of the Earn-In Agreement (amended); and
- (iii) completing an additional \$500,000 in expenditures on the Capella Property, paying \$100,000 in cash and issuing 250,000 common shares to Capella on or before the second anniversary of the Earn-In Agreement (amended).

Following exercise of the Initial Option, the Company will have a further option to earn an additional 29% interest in the Capella Property (the "Final Option") by:

- (iv) completing an additional \$500,000 in expenditures on the Capella Property, paying \$150,000 in cash and issuing 750,000 common shares to Capella on or before the third anniversary of the Earn-In Agreement (amended); and
- (v) completing an additional \$1,000,000 in expenditures on the Property, paying \$150,000 in cash and issuing 750,000 common shares to Capella on or before the fourth anniversary of the Earn-In Agreement (amended).

If, on the date of the exercise of the Final Option, the Property hosts a mineral resource equal to or greater than 10 million metric tons with a minimum average grade of 1.0% Lithium Oxide (Li₂O), the Company will make a bonus cash payment of \$500,000 and issue 1,000,000 common shares to Capella. The Company has the option to form a joint venture with Capella upon exercise of the Initial Option or to defer the joint venture formation until the exercise of the Final Option.

On April 5, 2024, the Company entered into an amended agreement with Capella to acquire a 100% interest in the Capella Property (the "Purchase Agreement"). Whereas the Capella Property was currently subject to the two stage 51/80% earn-in agreement as outlined above, the Purchase Agreement replaced the Earn-In Agreement in its entirety, and, upon completion of the transaction, the Company acquired 100% interest in the Capella Property with no further commitments due to Capella.

Under the terms of the Purchase Agreement, upon closing, the Company has paid Capella \$250,000 in cash and issued 1,100,000 common shares of the Company at the fair value of \$242,000 (the "Consideration Shares"). Capella will also receive a 2% net smelter royalty on the Project, half of which may be repurchased by the Company at any time in exchange for the payment of 1,000,000 Euro. The Consideration Shares are subject to a statutory four month hold period as well as contractual restrictions on resale.

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9. EXPLORATION AND EVALUATION ASSETS (CONTINUED)*BB Gold Property*

On September 1, 2023, the Company completed an acquisition of seven mineral reservations located in northern and central Finland (Note 7). The Vendor was granted a 1% net smelter royal on six of the seven concessions.

Champ Property

Pursuant to an option agreement (the "Agreement") dated August 24, 2017, Golden was granted an option to acquire a 100% undivided interest in the Champ Property located in the Greenwood Mining District of British Columbia. In accordance with the Agreement, Golden acquired a 100% undivided interest in the Champ Property with the optionor retaining a 2% net smelter return royalty on the Champ Property. Golden has the right to purchase the first 1% of the royalty for \$1,000,000 and the remaining 1% for \$1,000,000 at any time during the five-year period starting from the date of commencement of commercial production.

Prior to the closing of the Arrangement (Note 1) with the Company's parent, Golden, the Company and Golden entered into an Asset Purchase Agreement pursuant to which the Company acquired Golden's interest in the Champ Project in exchange for the issuance of 1,500,000 common shares of the Company. The fair value of the Champ Property was determined to be \$236,231 at the date of the transaction.

The Company recorded a write-off of exploration and evaluation assets of \$311,231 during the year ended ended May 31, 2024, on the Champ Property, reducing the capitalized cost of the project to \$Nil. The impairment was recorded based on management's decision to pursue other mining projects at present. The impairment of \$311,231 was recognized on the Company's statement of comprehensive loss for the year ended May 31, 2024.

10. SHARE CAPITAL

a) Authorized

The Company's authorized capital consists of an unlimited number of common shares without par value.

On April 22, 2022, the Company entered into an escrow agreement with various security holders and an escrow agent. As of May 31, 2024, 695,588 (2023 - 1,391,172) shares were held in escrow.

b) Issued and outstanding

Share capital activities during the year ended May 31, 2024 and 2023 are as follows:

- On May 22, 2024, 50,000 warrants were exercised for gross proceeds of \$7,500 at a price of \$0.15 per share.
- On May 8, 2024, 400,000 shares were issued as Restricted Share Units ("RSUs") were converted into shares.
- On April 18, 2024, the Company issued 1,100,000 common shares to Capella pursuant to the Purchase Agreement (see Note 9).
- On April 1, 2024, 60,000 shares were issued as RSUs were converted into shares.
- On March 12, 2024, the Company issued 150,000 common shares pursuant to the Capella Earn-In Agreement (see Note 9).

European Energy Metals Corp.

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10. SHARE CAPITAL (CONTINUED)

b) Issued and outstanding (continued)

- On December 6, 2023, 50,000 warrants were exercised for gross proceeds of \$7,500 at a price of \$0.15 per share.
- On October 20, 2023, the Company completed a non-brokered private placement (the "Private Placement") consisting of 5,787,800 units ("Units") at a price of \$0.36 per Unit for total gross proceeds of \$2,083,608. Each Unit consists of one common share (a "Share") and one-half of a common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable for one additional common share at an exercise price of \$0.75 until October 20, 2026. In connection with the Private Placement, the Company paid aggregate cash finder's fees of \$145,152, issued 695,000 Shares with a fair value of \$264,100, and issued 14,000 finder's broker warrants with a fair value of \$2,926. The finder's warrants have the same terms of the Warrants forming part of the Units.
- On September 1, 2023, the Company completed an asset acquisition. Pursuant to the acquisition, the Company issued 1,250,000 common shares with a fair value of \$575,000 (Note 7).
- On June 22, 2023, the Company completed a non-brokered private placement (the "Private Placement"). Pursuant to the Private Placement, the Company issued 6,235,554 units ("Units") at a unit price of \$0.36 for gross proceeds of \$2,244,799. Each Unit consists of one common share of the Company and one half of a common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one additional common share at an exercise price of \$0.75 for a period of three years following closing. In connection with the Private Placement, the Company paid aggregate cash finder's fees of \$104,504 and issued 324,869 finder's broker warrants with a fair value of \$111,931. The finder's warrants have the same terms of the Warrants forming part of the Units.
- On June 5, 2023, 47,299 brokers' warrants were exercised to 47,299 common shares for gross proceeds of \$14,190 at an exercise price of \$0.30 per share.
- On May 30, 2023, 50,000 stock options were exercised to 50,000 common shares for gross proceeds of \$7,500 at an exercise price of \$0.15 per share.
- On April 10, 2023, the Company executed the Earn-In Agreement and issued 100,000 common shares valued at \$50,000 (Note 9).
- On February 24, 2023, the Company closed a non-brokered private placement and issued 12,800,000 units at a unit price of \$0.09 per unit, for gross proceeds of \$1,152,000. Each unit consists of one common share and one-half of a common share purchase warrant. Each whole warrant (a "Warrant") is exercisable for one additional common share at an exercise price of \$0.15 for a period of 18 months. The Company incurred cash finder's fees of \$64,316 and issued 918,799 finder's units with a fair value of \$254,053. Each finder's unit consists of one common share and one whole broker warrant at an exercise price of \$0.15 for a period of 18 months.

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10. SHARE CAPITAL (CONTINUED)

c) Restricted Share Units ("RSU")

The Company adopted a RSU plan during the year ended May 31, 2023 after the shareholders approved a new rolling 10% restricted share unit plan (the "RSU Plan"). The maximum number of Common Shares which may be issuable under the RSU Plan and any other "rolling up to 10%" plans adopted by the Company (including the Company's stock option plan), from time to time, shall be equal to a maximum of 10% of the total number of issued and outstanding Common Shares calculated on the date an RSU is granted. The RSU Plan is an "evergreen" plan meaning any RSU converted to Common Shares will, subject to the overall limit described above, make new grants available under the RSU Plan resulting in a reloading of the number of RSUs available for grant.

On September 18, 2023, the Company granted 100,000 RSUs to a consultant of the Company, which had a fair value of \$0.39 per RSU, all of which vest in one year from the grant date. The Company expensed \$25,782 included in share-based compensation expense for the year ended May 31, 2024 (2023 - \$nil) related to this grant.

On July 17, 2023, the Company granted 50,000 RSUs to a consultant of the Company, which had a fair value of \$0.59 per RSU, all of which vest in one year from the grant date. The Company expensed \$27,353 included in share-based compensation expense for the year ended May 31, 2024 (2023 - \$nil) related to this grant.

On June 5, 2023, 90,000 unvested RSUs were forfeited. The fair value of the unvested RSUs previously recognized is \$10,179 and was reversed to profit or loss during the year ended May 31, 2024.

On March 6, 2023, the Company granted 800,000 RSUs to certain directors, officers and consultants of the Company, which had a fair value of \$0.48 per RSU, all of which vest in one year from the grant date. The Company expensed \$348,366 included in share-based compensation expense for the year ended May 31, 2024 (2023 - \$nil) related to this grant.

A continuity schedule of the Company's outstanding restricted share units is as follows:

	Number outstanding	Weighted Average Fair Value (\$)
Balance, May 31, 2022	-	-
Granted	800,000	0.48
Balance, May 31, 2023	800,000	0.48
Granted	150,000	0.46
Forfeited	(90,000)	0.48
exercised	(460,000)	0.48
Balance, May 31, 2024	400,000	0.46
Exercisable, May 31, 2024	250,000	0.48

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10. SHARE CAPITAL (CONTINUED)

d) Stock options

Stock option transactions and the number of stock options outstanding are summarized below:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, May 31, 2022	550,000	0.15
Exercised	(50,000)	0.15
Balance, May 31, 2023	500,000	0.15
Granted	2,050,000	0.38
Balance, May 31, 2024	2,550,000	0.34
Exercisable, May 31, 2024	815,000	0.27

Additional information regarding stock options outstanding is as follows:

Expiry Date	Exercise Price (\$)	Number of Options
February 1, 2027	0.15	500,000
July 17, 2028	0.59	100,000
September 6, 2028	0.41	250,000
September 18, 2028	0.40	150,000
April 30, 2029	0.36	1,150,000
May 30, 2029	0.36	400,000
Balance, May 31, 2024		2,550,000

The weighted average remaining life of the stock options as of May 31, 2024 is 4.36 (May 31, 2023 – 3.68) years.

During the year ended May 31, 2024 and the year ended May 31, 2023, the following stock option grants occurred:

On May 30, 2024, the Company granted 400,000 incentive stock options in accordance with the terms of its Omnibus Incentive Plan. The Options are exercisable at \$0.36 for a period of five years.

On April 30, 2024, the Company granted an aggregate of 1,150,000 stock options to its directors and officers. Each Option is exercisable to acquire one common share at an exercise price of \$0.36 for five years. The Options are subject to a one-year vesting period, with 25% of the Options vesting on July 30, 2024, and 25% vesting every three months thereafter.

On September 18, 2023, the Company granted 150,000 stock options with an expiry date of September 18, 2028 and an exercise price of \$0.40 to an employee of the Company. The stock options had a fair value of \$46,481. 30,000 of these options vested immediately and 30,000 vests on December 18, 2023, March 18, 2024, September 18, 2024, and December 18, 2024. The options expire five years from the date of grant.

On September 6, 2023, the Company granted 250,000 stock options with an expiry date of September 6, 2028 and an exercise price of \$0.41 to a director of the Company. The stock options had a fair value of \$80,521. 62,500 of these options vests on December 6, 2023, March 6, 2024, June 6, 2024, and September 6, 2024. The options expire five years from the date of grant.

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10. SHARE CAPITAL (CONTINUED)

d) Stock Options (continued)

On July 17, 2023, the Company granted 100,000 stock options with an expiry date of July 17, 2028 and an exercise price of \$0.59 to a consultant of the Company. The stock options had a fair value of \$46,921. 50,000 of these options vested immediately and the remaining 50,000 vest on July 17, 2024. The options expire five years from the date of grant.

The stock options were valued using the Black-Scholes option pricing model using the following weighted average assumptions:

As at	May 31, 2024	May 31, 2023
Risk-free interest rate	2.79%	1.65%
Dividend yield	0%	0%
Expected volatility	127.36%	144.56%
Expected life (years)	5	5
Forfeiture rate	0%	0%

The expected volatility used for the stock options granted is based on the historical volatility of comparable companies.

During the year ended May 31, 2024, the Company recognized share-based payment expense of \$490,090 (2023- \$90,477)

e) Share Purchase Warrants

Share Purchase Warrants transactions and the number of warrants outstanding are summarized below:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, May 31, 2022	-	-
Granted	6,400,000	0.15
Balance, May 31, 2023	6,400,000	0.15
Granted	6,011,677	0.75
Exercised	(100,000)	0.15
Balance, May 31, 2024	12,311,677	0.44

The number of Share Purchase Warrants outstanding are as follow:

Expiry Date	Exercise Price (\$)	Issued and Exercisable
August 24, 2024	0.15	6,300,000
June 22, 2026	0.75	3,117,777
October 20, 2026	0.75	2,893,900
Balance, May 31, 2024		12,311,677

The weighted average remaining life of the Share Purchase Warrants as of May 31, 2024 is 1.20 (May 31, 2023 – 1.24) years.

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10. SHARE CAPITAL (CONTINUED)

f) Broker Warrants & Compensation Warrants

During the year ended May 31, 2023 the Company issued 918,799 Compensation Warrants with an exercise price of \$0.15 per common share.

During the year ended May 31, 2024 the Company issued 338,869 Compensation Warrants with an exercise price of \$0.75 per common share.

Broker Warrants & Compensation Warrants transactions and the number of warrants outstanding are summarized below:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, May 31, 2022	47,299	0.30
Granted	918,799	0.15
Balance, May 31, 2023	966,098	0.30
Granted	338,869	0.75
Exercised	(47,299)	0.15
Balance, May 31, 2024	1,257,668	0.31

The Broker Warrants & Compensation Warrants outstanding are as follows:

Expiry Date		Exercise Price (\$)	Issued and Exercisable
August 24, 2024	Compensation Warrants	0.15	918,799
June 22, 2026	Broker Warrant	0.75	324,869
October 20, 2026	Broker Warrant	0.75	14,000
			1,257,668

The weighted average remaining life of the Broker Warrants & Compensation Warrants as of May 31, 2024 is 0.73 (May 31, 2023 – 1.2) years.

The Broker Warrants & Compensation Warrants were valued using the following Black-Scholes option pricing model using the following weighted average assumptions:

	2024	2023
Risk-free interest rate	4.15-4.44%	4.16%
Dividend yield	0%	0%
Expected volatility	99-104%	181.24%
Expected life (years)	3	1.52
Forfeiture rate	0%	0%

The expected volatility used for the brokers' warrants granted is based on the historical volatility of comparable companies.

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11. RELATED PARTY BALANCES AND 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. 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.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

	2024	2023
	\$	\$
Management fees	264,000	167,909
Office – Rental expense	9,143	9,143
Professional fees	23,408	14,188
Share-based payments	313,915	79,167

The Company entered into a month to month office sublease agreement on February 1, 2022 with a director and officer of the Company with a rate of \$762 per month.

At May 31, 2024, \$8,925 (May 31, 2023 - \$121,414) related to management fees and professional fees remained in accounts payable and accrued liabilities.

The amounts payable are non-interest-bearing, unsecured, due on demand and have no fixed terms of repayment.

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12. INCOME TAX

In assessing deferred income tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment and concluding the deferred tax assets were not realized.

The following table reconciles the amount income tax recoverable on application of the combined statutory Canadian and Finland income tax rates:

	2024	2023
Statutory income tax rate	27%	27%
	\$	\$
Loss for the year before income taxes	(2,211,569)	(593,480)
Expected income tax recovery	(594,000)	(160,000)
Permanent differences and others	138,000	-
Change in deferred tax assets not recognized	456,000	160,000
Income taxes recoverable	-	-

The nature and effect of the Company's deferred tax assets is as follows:

	2024	2023
	\$	\$
Non-capital losses carried forward	630,000	237,000
Exploration and evaluation assets	84,000	-
Share issuance costs	81,000	21,000
Deferred tax assets	795,000	258,000
Deferred tax assets not recognized	(795,000)	(258,000)
Net deferred tax assets	-	-

The Company has non-capital losses carried forward of \$2,308,000 (2023 – \$879,000) in Canada and \$30,000 (2023 – \$Nil) in Finland which may be applied to reduce future taxable income between 2034 and 2044.

13. SUBSEQUENT EVENTS

On September 23, 2024, the Company completed its non-brokered private placement offering in two tranches. The Company issued a total of 16,465,000 Units at a price of \$0.125 per Unit, raising gross proceeds of \$2,058,125. Each Unit consists of one common share and one-half of a common share purchase warrant, with each whole warrant exercisable to acquire one additional share at an exercise price of \$0.20. The warrants issued in the First Tranche expire on September 9, 2026, while those from the Second Tranche expire on September 23, 2026. The net proceeds will be used for exploration work and working capital.

On August 24, 2024, 6,300,000 share purchase warrants priced at \$0.15 expired and have been removed from the Company's warrant register.