Electric Royalties Ltd.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

(Expressed in Canadian Dollars)

Deloitte.

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Independent Auditor's Report

To the Shareholders and the Board of Directors of
Electric Royalties Ltd.

Opinion

We have audited the consolidated financial statements of Electric Royalties Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its 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 ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 in the financial statements, which indicates that the Company incurred a net loss of $6,361,621 during the year ended December 31, 2024 and its primary sources of funding consist of proceeds from the issuance of common shares of the Company and the convertible loan. 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 consolidated financial statements for the year ended December 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 a key audit matter to be communicated in our auditor's report.

Convertible loan – Refer to Note 9 to the consolidated financial statements

Key Audit Matter Description

In April and November of 2024, advances were drawn on the convertible loan facility held by the Company for a total amount of $5.55 million ("convertible loan"). Convertible loans are compound financial instruments issued by the Company that can be converted into a fixed number of common shares of the Company at the option of the holder. The liability component of a compound financial instrument is recognized initially at the fair value measured as the present value of future cash flows associated with the convertible loan, using the estimated interest rate at the date of issuance. The equity component is measured as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

While management is required to make several judgments, estimates and assumptions relating to the convertible loan advances, those with the highest degree of subjectivity relate to 1) the appropriateness of the accounting treatment and 2) the reasonableness of the estimated interest rate used in the valuation of the liability component of the convertible loan. Auditing these judgments, estimates and assumptions required a high degree of auditor judgment and an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the appropriateness of the accounting treatment and reasonableness of the estimated interest rate used in the valuation of the liability component of the convertible loan, included the following, among others:

- Evaluated the appropriateness of management's assessment relating to the accounting treatment of the convertible loans by:
    - Obtaining and reading the executed contract to determine whether all key facts and circumstances were incorporated into management's assessment;
    - Analyzing relevant accounting standards, including various aspects of IFRS Accounting Standards, conceptual framework and guidance;
- With the assistance of fair value specialists, evaluated the reasonableness of the interest rate by developing an independent estimate of interest rates based on comparable debt transactions and comparing those to the interest rate selected by management.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not and will 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 GAAS 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 GAAS, 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 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 Cameron Walls.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
April 29, 2025

Electric Royalties Ltd.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2024	December 31, 2023
ASSETS			
Current Assets			
Cash and cash equivalents	3	$ 28,082	$ 442,522
Royalty revenue receivable		31,137	9,664
Prepaid expenses		30,355	183,438
Fixed royalty receivable	6	93,442	77,594
Income tax receivable		20,138	18,546
		203,154	731,764
Non-current Assets			
Mineral property and royalty interests	4	19,803,449	14,150,001
Investment in associate	5	90,051	3,017,903
Fixed royalty receivable	6	–	93,441
Deferred financing cost		56,767	–
Right-of-use asset		9,075	15,891
		19,959,342	17,277,236
TOTAL ASSETS		$ 20,162,496	$ 18,009,000
EQUITY			
Share capital		$ 24,867,635	$ 23,588,230
Reserves		4,145,238	2,847,251
Accumulated deficit		(19,277,221)	(12,915,600)
		9,735,652	13,519,881
LIABILITIES			
Non-Current Liabilities			
Convertible loan	9	9,182,479	4,338,522
Lease liability		–	10,644
		9,182,479	4,349,166
Current Liabilities			
Lease liability		10,835	7,761
Accounts payable and accrued liabilities	10	1,233,530	132,192
		1,244,365	139,953
Total liabilities		10,426,844	4,489,119
TOTAL EQUITY AND LIABILITIES		$ 20,162,496	$ 18,009,000

Nature of operations (note 1)
Events after the end of the reporting period (note 14)

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

These Financial Statements were approved for issuance by the Company's Board of Directors on April 29, 2025 and are signed on the Company's behalf by the following:

/s/ Brendan Yurik

Brendan Yurik
Director

/s/ Craig Lindsay

Craig Lindsay
Director

Electric Royalties Ltd.

Consolidated Statements of Comprehensive Loss

(Expressed in Canadian Dollars, except for weighted average number of common shares)

	Note	Year ended December 31, 2024	2023
Revenue from royalty interests		$ 31,137	$ 165,811
Depletion of royalty interest	4	(20,128)	(40,800)
Gross profit		11,009	125,011
Operating Expenses			
Investor relations and shareholder communications		275,124	192,691
Salaries and benefits	11	444,124	407,887
Administration		465,155	404,691
Regulatory		85,694	110,923
Legal, tax, audit and audit related		485,057	268,209
Property investigations		170,817	35,930
Equity-settled share-based payments	8	327,398	–
		(2,253,369)	(1,420,331)
Share of loss of associate	5	(52,853)	(67,330)
Impairment - investment in MTM LP	5	(3,131,644)	(1,760,004)
Impairment – Mineral royalty and property interests	4	(378,886)	(2,623,022)
Foreign exchange income (loss)		584	(8,381)
Interest income on cash and cash equivalents		22,482	29,714
Interest income on fixed royalty receivable	6	22,406	8,060
Finance expenses – convertible note	9	(1,104,398)	(300,522)
Gain on modification of convertible note	9	315,786	–
Finance expenses – lease liability		(1,468)	(2,184)
Net loss, before income tax		(6,550,351)	(6,018,989)
Current income tax recovery		–	19,712
Deferred income tax recovery		188,730	–
Total income tax recovery		188,730	19,712
Net loss		$ (6,361,621)	$ (5,999,277)
Other comprehensive income (loss)			
Items that may be subsequently reclassified to net income			
Foreign exchange translation difference	5	460,319	(170,013)
Total other comprehensive income (loss)		460,319	(170,013)
Total comprehensive loss		$ (5,901,302)	$ (6,169,290)
Basic and diluted loss per share		$ (0.06)	$ (0.06)
Weighted average number of common shares outstanding		99,962,213	95,774,111

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

Electric Royalties Ltd.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars, except for number of shares)

		Share Capital (note 7)							
	Note	Number of shares	Amount	Share-based payment reserve	Share purchase warrant reserve	Conversion option reserve	Foreign currency translation reserve	Accumulated deficit	Total equity
				8(a)	8(b)	9	8(c)		
Balance at January 1, 2023		93,601,509	$ 22,563,230	$ 1,094,600	$ 1,068,592	$ –	$ 442,072	$ (6,916,323)	$ 18,252,171
Net loss		–	–	–	–	–	–	(5,999,277)	(5,999,277)
Other comprehensive loss		–	–	–	–	–	(170,013)	–	(170,013)
Total comprehensive loss		–	–	–	–	–	(170,013)	(5,999,277)	(6,169,290)
Common Shares issued upon acquisition of the Penouta Royalty	4	500,000	175,000	–	–	–	–	–	175,000
Common Shares issued upon acquisition of the Kenbridge Royalty	4	2,500,000	850,000	–	–	–	–	–	850,000
Convertible loan – conversion option	9	–	–	–	–	412,000	–	–	412,000
Balance at December 31, 2023		96,601,509	$ 23,588,230	$ 1,094,600	$ 1,068,592	$ 412,000	$ 272,059	$ (12,915,600)	$ 13,519,881
Balance at January 1, 2024		96,601,509	$ 23,588,230	$ 1,094,600	$ 1,068,592	$ 412,000	$ 272,059	$ (12,915,600)	$ 13,519,881
Net loss		–	–	–	–	–	–	(6,361,621)	(6,361,621)
Other comprehensive income		–	–	–	–	–	460,319	–	460,319
Total comprehensive loss		–	–	–	–	–	460,319	(6,361,621)	(5,901,302)
Conversion of accrued interest on the convertible loan into the Company's Common Shares	9	4,032,508	795,655	–	–	–	–	–	795,655
Common Shares issued upon acquisition of of the lithium royalty and option portfolio	4	2,250,000	483,750	–	–	–	–	–	483,750
Convertible loan – conversion option, net of tax	9	–	–	–	–	510,270	–	–	510,270
Equity-settled share-based payments	8	–	–	327,398	–	–	–	–	327,398
Balance at December 31, 2024		102,884,017	$ 24,867,635	$ 1,421,998	$ 1,068,592	$ 922,270	$ 732,378	$ (19,277,221)	$ 9,735,652

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

Electric Royalties Ltd.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

		Year ended December 31,	
	Note	**2024**	**2023**
Operating activities			
Net loss		$ (6,361,621)	$ (5,999,277)
Adjustments for:			
Depletion of royalty interest		20,128	40,800
Depreciation of right-of-use asset		6,816	6,815
Equity-settled share-based payments	8	327,398	–
Share of loss of associate	5	52,853	67,330
Impairment - investment in MTM LP		3,131,644	1,760,004
Impairment loss - Penouta royalty interest		378,886	2,623,022
Finance expenses – convertible note	9	1,104,398	300,522
Gain on modification of convertible note	9	(315,786)	–
Finance expenses – lease liability		1,468	2,184
Interest income on cash and cash equivalents		(22,482)	(29,714)
Interest income on fixed royalty receivable	6	(22,406)	(8,060)
Deferred income tax recovery		(188,730)	–
Changes in working capital items			
Prepaid expenses		78,082	(153,774)
Income tax receivable		–	17,430
Royalty revenue receivable		(21,473)	(9,664)
Accounts payable and accrued liabilities		653,743	1,865
Cash used in operating activities		(1,177,082)	(1,380,517)
Investing activities			
Acquisition of mineral royalty interests, including transaction costs	4,6	(4,957,035)	(3,957,872)
Option payments	4	113,000	–
Cash distributions from associate	5	–	73,559
Principal repayment – fixed royalty receivable	6	100,000	–
Interest received		22,482	29,714
Cash used in investing activities		(4,721,553)	(3,854,599)
Financing activities			
Proceeds from convertible loan	9	5,550,000	4,450,000
Deferred financing cost		(56,767)	–
Payment of principal on lease		(7,570)	(6,911)
Payment of interest on lease		(1,468)	(2,184)
Cash provided by financing activities		5,484,195	4,440,905
Change in cash and cash equivalents		(414,440)	(794,211)
Cash and cash equivalents, opening balance		442,522	1,236,733
Cash and cash equivalents, closing balance		$ 28,082	$ 442,522

Supplemental cash flow information (note 3)

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

1 NATURE OF OPERATIONS

Electric Royalties Ltd., ("ELEC" or the "Company") is a public company whose common shares are listed on the TSX Venture Exchange ("TSXV"), under the trading symbol "ELEC". The Company was incorporated on September 16, 2016 under the laws of the Province of British Columbia, Canada. The address of the Company's corporate office is 14th Floor, 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

The Company is focused predominantly on acquiring royalty interests in advanced stage mineral projects as well as operating mines, located in jurisdictions with low geopolitical risk, to build a diversified portfolio of royalty interests in significant mineral projects or deposits (resources and/or reserves) of a wide range of commodities, including lithium, vanadium, manganese, tin, graphite, cobalt, nickel, and copper, that will benefit from the drive to electrification (cars, rechargeable batteries, large scale energy storage, renewable energy generation and other applications).

These Financial Statements are prepared on the basis that the Company will continue as a going concern which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. During the year ended December 31, 2024, the Company recorded a net loss of $6,361,621 (for the year ended December 31, 2023: $5,999,277). Historically, the Company's primary sources of funding included proceeds from the issuance of common shares of the Company, convertible debt, royalty revenue, and distributions from MTM LP (note 5).

After the end of the reporting period, in January 2025, the Company closed a brokered private placement and concurrent non-brokered private placement for aggregate gross proceeds of $2,504,682 (note14).

Any change in the commitment or timing of debt and equity funding from existing or new shareholders of the Company, and alternative capital providers may require the Company to curtail its business development activities or seek alternative sources of funding. As such, there is a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern. Management has concluded that presentation as a going concern is appropriate in these Financial Statements based on the Company's current financial position, and its plans for 2025 fiscal year.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These Financial Statements have been prepared on a going concern basis in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), effective for the Company's reporting year ended December 31, 2024.

(b) Basis of presentation

Financial Statements have been prepared using the historical cost basis, except for cash flow information.

(c) Basis of consolidation

These Financial Statements include the financial statements of the Company and subsidiary (wholly-owned); namely: Electric Royalties (USA) Inc. ("ELEC US").

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

Intra-group balances and transactions, including any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the Financial Statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(d) Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Company is the Canadian Dollar.

A foreign operation is a subsidiary, associate, joint venture or branch whose activities are based or conducted in a country or currency other than those of the reporting entity. ELEC-US and MTM LP are considered as foreign operations for the purpose of these Financial Statements. The functional currency of ELEC US and MTM LP is the United States Dollar (USD).

The assets and liabilities of foreign operations are translated into the presentation currency (Canadian Dollar) at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the Canadian Dollar using the average rates for the period.

Foreign currency differences are recognised in other comprehensive income or loss and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Revenue

The Company recognizes revenue from its royalty interests when the relevant commodity is transferred to the end customer by the operator of the royalty property. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement.

In some instances, the Company will not have access to sufficient information to make a reasonable estimate of consideration to which it expects to be entitled and, accordingly, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

(f) Financial instruments

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

All financial assets that are not classified at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at fair value through profit or loss ("FVTPL") with net gains and losses on subsequent revaluation and income and expenses, including any transaction cost, associated with such assets recognised in profit or loss. All derivative financial assets and hybrid financial instruments with embedded derivatives are classified at FVTPL.

For a financial asset to be measured at amortized cost, it must meet the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition, financial assets at amortized cost are measured at fair value plus, transaction costs that are directly attributable to its acquisition. Subsequently, these financial assets are measured at amortised cost, using the effective interest method, and net of any impairment loss. Interest income, foreign exchange gains and losses, impairment losses, and gain or losses on derecognition are recognised in profit or loss.

The Company has no financial assets which are classified as FVTPL or FVTOCI.

The Company's financial assets at amortized cost comprise royalty revenue receivable, fixed royalty receivable and cash.

The Company classifies its non-derivative financial liabilities at amortized cost that are recognized initially at fair value net of any directly attributable transaction costs.

When a compound financial instrument is issued, its initial carrying amount is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the fair value of the liability component.

Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities measured at amortized cost comprise accounts payable and accrued liabilities, and the convertible loan.

The Company has no derivative financial liabilities.

Impairment of financial assets:

The Company recognises an allowance for expected credit losses ("ECL") for all debt instruments at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages, which are as follows:

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months.
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

In these Financial Statements, the Company has not recognized any ECL.

(g) Share capital and share purchase warrants

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

The Company applies the residual value approach to allocate the proceeds received from the unit offering or when assets are acquired with consideration made up of a combination of common shares and share purchase warrants to their respective components. The fair value of the common shares is determined by using the trading price of the Company's shares at the date of issuance. The excess of the unit price received or consideration paid over the fair value of the common shares is used to determine the residual value.

(h) Loss per share

The Company presents basic and diluted loss per share information for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares. 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.

For the years ended December 31 , 2024 and 2023, all outstanding share purchase options and warrants as well as the convertible debt were anti-dilutive as the Company was in a loss position.

(i) Interest in associate

An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint arrangement. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies.

The Company accounts for its investments in associates using the equity method. Under the equity method, the Company’s investment in associates are initially recognized at cost when acquired and subsequently increased or decreased to recognize the Company's share of net income and losses of the associate, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the associate’s reserves, and for impairment losses after the initial recognition date. The Company's share of income and losses of the associate is recognized in net income during the period. Cash distributions received from the associate are accounted for as a reduction in the carrying amount of the Company’s investment.

The Company's investment in associate includes its interest in MTM LP (note 5).

(j) Mineral royalty interests and mineral propert interests

Mineral royalty interests consist of acquired royalty interests. These interests are recorded at cost and capitalized as tangible assets. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. Project evaluation costs that are not related to a specific royalty asset are expensed in the period incurred.

Mineral property interests consist of acquired legal rights to explore specific areas. These interests are recorded at cost and capitalized as tangible assets. The Company does not undertake exploration for and evaluation of mineral resources with respect to any of its mineral property interest, instead, the underlying legal rights to explore have been granted to various third-parties under option agreements. The Company records option payments received pursuant to the option agreements as cost recoveries to the extent of respective capitalized cost for each mineral property interests. Option payments received in excess of capitalized cost are record as gain in the statement comprehensive loss.

Producing royalty interests are depleted using the units-of-production method over the life of the mine to which the interest relates, which is estimated using available information of estimated future production including, where available, consideration of mineral reserves and resources, at the mine corresponding to the specific agreement.

On acquisition of a royalty interest, an allocation of its cost may be attributed to the exploration potential of the underlying project which may be an exploration and evaluation stage project. Such royalty interests as well as mineral property interests are accounted for in accordance with IFRS 6, Exploration and Evaluation of Mineral Resources ("IFRS 6"). Acquisition costs of exploration and evaluation stage royalty interests and mineral property are capitalized, and are not depleted until such time as revenue-generating activities begin. Once the technical feasibility, commercial viability and a development decision have been established, the value of the royalty interest is assessed for impairment and reclassified and accounted for in accordance with IAS 16, Property, Plant and Equipment ("IAS 16").

(k) Impairment of mineral royalty interests and mineral property interests

Evaluation of the carrying values of each mineral royalty interest is undertaken when events or changes in circumstances indicate that the carrying values may not be recoverable and at each reporting period in accordance with IAS 36 Impairment of assets ("IAS 36"). Mineral royalty interests and mineral property interests in exploration and evaluation assets are assessed for impairment whenever indicators of impairment exist in accordance with IFRS 6. If any indication of impairment exists, the recoverable amount is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of the fair value less costs of disposal and value in use.

Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. Fair value less costs of disposal is usually estimated using a discounted cash flow approach, where sufficient information is available . Estimated future cash flows are calculated using estimated production, sales prices, costs and a discount rate. Estimated production is determined using current reserves and the portion of resources expected to be classified as mineral reserves as well as exploration potential expected to be converted into resources. Estimated sales prices are determined by reference to an average of long-term metal price forecasts by analysts and management's expectations. The discount rate is estimated using an average discount rate incorporating analyst views to value base metal and specialty metal producers, developers and exploration companies. Value in use is determined as the future value of present cash flows expected to be derived from continuing use of an asset in its present form for those assets where value in use exceeds fair value less costs of disposal. If it is determined that the recoverable amount is less than the carrying value, then an impairment is recognized within net income (loss) immediately.

An assessment is made at each reporting period if there is any indication that a previous impairment loss may no longer exist or has decreased. If indications are present, the carrying amount of the mineral interest is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount net of depletion that would have been determined had no impairment loss been recognized for the mineral interest in previous periods.

(l) Share-based payment transactions

The Company operates an equity-settled share-based option plan for its directors, officers, employees and other service providers. The fair value of share purchase options granted is recognized as an expense with a corresponding increase in the equity-settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by a direct employee.

The fair value is measured at grant date for each tranche, which is expensed on a straight line basis over the vesting period, with a corresponding increase in equity. The fair value of share purchase options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted and forfeiture rates as appropriate. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

(Expressed in Canadian Dollars, unless otherwise stated)

(m) Significant accounting estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. The impact of such estimates are pervasive throughout the Financial Statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and 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. Changes in subjective inputs and assumptions can materially affect accounting estimates.

Specific areas where significant estimates or judgements exist are:

Estimates

Inputs into the Black-Scholes model for valuation of options (note 8);
Determination of the fair value of draw downs on the Company's convertible loan (note 9);
Recoverable value of the investment in MTM LP (note 5);
Allocation of acquisition cost for the Lithium Royalty and Option Portfolio to individual assets within the portfolio (note 4(c));

Judgements

Assessment of the Company's ability to continue as a going concern (note 1).
Assessment of evidence as to whether a financial or non-financial asset may be impaired. No evidence of impairment was identified.
Assessment as to whether the fair value of royalty interests acquired in exchange for Common Shares of the Company can be reliably measured and are accordingly measured by reference to the fair value of the Common Shares issued (note 4).

(n) Operating Segments

The Company operates as a single operating and reporting segment and these Financial Statements should be read as a whole for the results of this single reporting segment. During the year end December 31, 2024, the Company's revenue from royalty interests was entirely derived from Chile (year ended December 31, 2023 - Spain), and its mineral royalty interests and deferred transaction costs, and investment in an associate are located in the following locations:

	December 31, 2024	December 31, 2023
Mineral royalty interests and deferred transaction costs		
Canada	$ 8,854,035	$ 7,039,845
United States of America	2,737,112	2,537,435
Chile	3,639,581	–
Australia and Madagascar	3,658,048	3,658,048
Norway	914,673	914,673
Investment in associate		
United States of America	90,051	3,017,903
Total	$ 19,893,500	$ 17,167,904

3 CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
Components of cash and cash equivalent:		
Cash held in business accounts		
Denominated in Canadian Dollars	$ 20,398	$ 300,650
Denominated in US Dollars	7,684	141,872
Total	$ 28,082	$ 442,522

Supplemental cash flow information	Note	Year ended December 31, 2024	2023
Income tax paid			
Payment of income tax relating to the Company's share of income of associate	5	$ –	$ 18,546
Non-cash investing and financing activities			
Fair value of common shares issued with respect to royalty and mineral property acquisitions	4	$ 483,750	$ 1,025,000
Fair value of common shares issued settlement of accrued interest on the convertible loan	9	795,655	–
		$ 1,279,405	$ 1,025,000

(Expressed in Canadian Dollars, unless otherwise stated)

4 MINERAL PROPERTY AND ROYALTY INTERESTS

At December 31, 2024, the Company held the following property/royalty interests, including gross revenue royalty ("GRR"), gross metal royalty ("GMR"), and net smelter returns ("NSR") royalty:

Project	Note	Location	Royalty Interest
Bissett Creek Graphite Royalty		Ontario, Canada	1.5 % GRR
Globex Royalties			
Authier Lithium Project (core claim)		Quebec, Canada	0.5 % GMR
Authier Lithium Project (Sayona West)		Quebec, Canada	0.5 % GMR
Authier Lithium Project (Sayona East)		Quebec, Canada	2.0 % GMR
Mont Sorcier Project – vanadium production		New Brunswick, Canada	1.0 % GMR
Battery Hill Manganese Project		Quebec, Canada	2.0 % GMR
Chubb Lithium Project		Quebec, Canada	2.0 % GMR
Bouvier Lithium Project		Quebec, Canada	2.0 % GMR
Global Royalties			
Millennium Copper Cobalt Project		Queensland, Australia	0.5 % GRR
Mt. Dorothy Cobalt Project		Queensland, Australia	0.5 % GRR
Cobalt Ridge Cobalt Project		Queensland, Australia	0.5 % GRR
Seymour Lake Lithium Royalty		Ontario, Canada	1.5 % NSR
Glassville Manganese Royalty		New Brunswick, Canada	1.0 % GRR
Vox Graphite Royalties			
Graphmada Graphite Project		Madagascar	2.5 % NSR
Graphite Bull Project		Western Australia	0.75 % GRR
Cancet Lithium Royalty		Quebec, Canada	1.0 % NSR
Rana Nickel Royalty		Northern Norway	1.0 % NSR
Sleitat Tin-Silver Royalty		Alaska, United States	1.0 % NSR
Zonia Copper Royalty		Alaska, United States	0.5% GRR
Penouta Tin-Tantalum Royalty	4(a)	Ourense, Spain	1.5% GRR, subject to reduction
Kenbridge Nickel Royalty	4(b)	Ontario, Canada	0.5% GRR
Lithium royalty and option portfolio	4(c)	Ontario, Canada	1-3% NSR
Punitaqui royalty	4(d)	Chile	0.75% GRR, subject to buyback

Note: For the Company's Interest in the Middle Tennessee Mine Zinc Royalty, refer to Note 5.

(Expressed in Canadian Dollars, unless otherwise stated)

Continuity of the Company's mineral property and royalty interests is as follows:

	Year ended December 31, 2024			Year ended December 31, 2023		
	Mineral royalty interest	Deferred transaction cost	Total	Mineral royalty interest	Deferred transaction cost	Total
Cost						
Beginning balance	$ 16,797,094	$ 16,505	$ 16,813,599	$ 11,961,081	$ 33,437	$ 11,994,518
Additions during the year	5,747,750	224,036	5,971,786	4,802,576	16,505	4,819,081
Cost recoveries (note(4(c))	(113,000)	–	(113,000)	–	–	–
Reallocation	234,540	(240,541)	(6,001)	33,437	(33,437)	–
Ending balance	$ 22,666,384	$ –	$ 22,666,384	$ 16,797,094	$ 16,505	$ 16,813,599
Accumulated depletion and impairment loss						
Beginning balance	$ 2,663,822	$ –	$ 2,663,822	$ –	$ –	$ –
Impairment loss	378,886	–	378,886	2,623,022	–	2,623,022
Charge for the year	20,128	–	20,128	40,800	–	40,800
Ending balance	$ (3,062,836)	$ –	$ (3,062,836)	$ (2,663,822)	$ –	$ (2,663,822)
Foreign currency translation difference						
Beginning balance	224	–	224	54,115	–	54,115
Movement for the year	199,677	–	199,677	(53,891)	–	(53,891)
Ending balance	$ 199,901	$ –	$ 199,901	$ 224	$ –	$ 224
Ending balance	$ 19,803,449	$ –	$ 19,803,449	$ 14,133,496	$ 16,505	$ 14,150,001

Impairment loss		Year ended December 31,	
	Note	2024	2023
Penouta Tin-Tantalum royalty	4(a)	$ –	$ 2,623,022
Lithium royalty and option portfolio	4(c)	378,886	–
Total		$ 378,886	$ 2,623,022

(a) *Penouta Tin-Tantalum royalty*

In January 2023, the Company acquired a 0.75% GRR (the "Penouta Tin-Tantalum Project") on the producing Penouta tin-tantalum mine in Spain, from Strategic Minerals Europe Corp. ("Strategic Minerals"), in exchange for a cash payment of $1,000,000 and 500,000 common shares of the Company with the fair value of $175,000 on the date of issuance. In addition, the Company was granted an option (exercised in July 2023, note 10(a)) for a period of 7 months from closing to acquire an additional 0.75% GRR on the Penouta Tin-Tantalum Project in exchange for an additional cash payment of $1,250,000.

In July 2023, the Company exercised its option to increase its existing 0.75% GRR on the Penouta Tin-Tantalum Project, by a further 0.75% in exchange for a cash payment of $1,250,000. Electric Royalties now holds an aggregated 1.5% GRR on Penouta, which rate will reduce to 1.25% upon receipt of $1,666,667 in aggregate royalty payments, and to 1.0% upon receipt of $3,333,334 in aggregate royalty payments.

Impairment loss

In October 2023, Strategic Minerals announced that the Superior Court of Xustiza of Galicia decided to provisionally suspend the section C permit for the Penouta Project after a complaint filed by an environmentalist group, and that it presented an appeal at the Administrative Court of the High Court of Justice of Galicia (the "High Court") to reverse the decision and expedite the reinstatement of the section C permit. Strategic Minerals also announced that it had suspended the mining operations at the Penouta Mine as per a request from the local mining authority Xunta de Galicia until the appeal is decided. In December 2023, Strategic Minerals announced that it was notified of the High Court's decision to maintain the provisional suspension of the Penouta Project until the main proceeding is decided. During the year ended December 31, 2024, and as of the date of issuance of these Financial Statements, the Penouta Mine remained closed. In September 2024, Strategic Minerals announced that its wholly-owned Spanish subsidiary, Strategic Minerals Spain, S.L.U., had commenced a voluntary structured insolvency process that includes the appointment of an insolvency administrator.

Due to the estimation uncertainty involving the outcome of the appeal and the timing thereof, at December 31, 2023, the Company recorded an impairment loss for the full carrying amount of its royalty interest in the Penouta Tin-Tantalum Project.

(b) Kenbridge Nickel royalty

In April 2023, the Company completed the acquisition (the "Kenbridge Transaction"), from Tartisan Nickel Corp. ("Tartisan"), of a 0.5% GRR on certain mining claims, mining leases and mineral tenures comprising the wholly-owned Kenbridge Nickel Project in northwest Ontario, Canada (the "Kenbridge Project" or "Kenbridge") in exchange for $500,000 cash and 2,500,000 common shares of the Company with the fair value of $850,000 on the date of issuance. The Company has also received the right, for a period of 18 months after the closing date of the Kenbridge Transaction, to acquire a further 0.5% GRR on the Kenbridge Project for $1,750,000 cash consideration. In addition, the Company will have an option to acquire a 1% GRR on the mining claims, mining leases and mineral tenures comprising the Kenbridge North Nickel Project (the "Kenbridge North Project" or "Kenbridge North"), approximately 2.5 km north of the Kenbridge Nickel Deposit, for $1,000,000 cash, at any time during a period of 24 months from the date that Tartisan publishes an initial technical report in respect of the Kenbridge North Project which is prepared in accordance with National Instrument 43-101 and which contains an estimate of Inferred Mineral Resources.

(c) Lithium royalty and option portfolio

On May 1, 2024, the Company closed the asset purchase agreement with 1544230 Ontario Inc., MK Exploration Services Inc., and Gravel Ridge Resources Ltd., thereby acquiring a portfolio (the "Lithium Royalty and Option Portfolio") of 18 royalty agreements and 31 lithium properties in Ontario, Canada, pursuant to which acquisition, the Company issued an aggregate of 2,250,000 common shares in the capital of the Company, and made a cash payment of $1,689,000.

During the year ended December 31, 2024, the Company received an aggregate amount of $113,000 in option payments pursuant to certain option agreements relating to mineral property interests acquired as part of the Lithium Royalty and Option Portfolio, and recorded these receipts as cost recoveries within mineral property interests.

During the year ended December 31, 2024, of the 31 option agreements,13 option agreements and related mineral claims lapsed, and the acquisition costs attributable to the lapsed or terminated option agreements were derecognized and recorded as impairment loss in these Financial Statements.

(d) Punitaqui royalty

In December 2024, the Company closed a definitive agreement with Battery Mineral Resources Corp. ("BMR") (TSXV: BMR) (OTCQB: BTRMF), Minera BMR SpA ("Minera BMR") and Minera Altos De Punitaqui Limitada (together, the "Vendors"), dated November 22, 2024, whereby the Company acquired a 0.75% Gross Revenue Royalty (the "Punitaqui GRR") on the producing Punitaqui copper mine in Chile for a total purchase price of $3,500,000 (the "Punitaqui Transaction"). The Company made a cash payment of $3,050,000 to the Vendors upon the closing of the Punitaqui Transaction in December 2024. After the end of the reporting period, in January 2025, the Company made a payment of $450,000 to the Vendors for the remaining amount of the purchase price for the Punitaqui Transaction.

The Punitaqui GRR applies on the mining claims, mining leases and mineral tenures comprising the Punitaqui copper mine. In addition, the Punitaqui GRR will apply to third-party materials processed through the Punitaqui mining complex from the effective date to December 31, 2027.

The Vendors have the right to buy back 0.375% GRR of the Punitaqui GRR for a cash payment of US$1,500,000 once the Vendors have made royalty payments to the Company in excess of $4,000,000.

5 INVESTMENT IN ASSOCIATE

In August 2021, the Company's wholly-owned subsidiary, Electric Royalties (USA) Inc., acquired a 25% interest in a limited partnership ("MTM LP"), which completed the acquisition of the Middle Tennessee Mine royalty ("MTM Royalty"). The Company's interest in the MTM LP entitles it to receive distributions of 25% of the MTM LP's revenue after deduction of the Company's proportionate share of MTM LP's operating expenses. Effective September 1, 2023, 25% of MTM LP's expenses are attributable to the Company's economic interest in the partnership. Prior to September 1, 2023 and since its inception, 50% of MTM LP's expenses had been allocated to the Company economic interest in the partnership.

The MTM Royalty is a sliding-scale gross metal royalty on the Middle Tennessee Mine complex in Tennessee that varies with the zinc price: no royalty is payable if the zinc price is below US$0.90 per pound, a 1.0% royalty is paid at zinc prices between US$0.90 and US$1.10 and a 1.4% royalty is paid at zinc prices above US$1.10 per pound.

<u>Impairment loss</u>

In November 2023, the owner (Nyrstar NV) of the Middle Tennessee mine announced that production operations at the mine will be temporarily paused at the end of November 2023, due to weakened market conditions and inflationary impacts on input costs and operating margins, and that operations will resume as soon as economically viable. This event has been considered as an indicator of impairment of the Company's interest in MTM LP as of December 31, 2023. Accordingly, the Company completed its assessment as to whether the carrying amount of the Company's interest in MTM LP exceeded its recoverable amount as of the reporting date. The recoverable amount was estimated using the discounted cash flow valuation method, a level 3 fair value measurement, and based on the following assumptions and inputs: discount rate of 10.48%, long term zinc price of $1.19 per pound, and an estimated lead-time to resume mine operation of 36 months from the reporting date. The Company concluded that the carrying amount of its interest as of December 31, 2023 exceeded its recoverable amount, and accordingly recorded an impairment expense of $1.90 million.

As of December 31, 2024, the Middle Tennessee mine remains on care and maintenance and there is significant uncertainty as to whether it will ultimately resume production. The Company concluded the lack of reliable information regarding the potential restart of the Middle Tennessee mine was an indicator of impairment and recorded an additional impairment loss for the full carrying amount of its interest in the MTM Royalty. At December 31, 2024, the carrying amount of the Company's interest in MTM LP represents its share in the partnership's working capital. If and when the mining operations resume at the Middle Tennessee mine, the Company will estimate the recoverable amount of the royalty to determine the extent of any reversal of impairment loss, based on information available to the Company at that time.

(Expressed in Canadian Dollars, unless otherwise stated)

	Year ended December 31, 2024	2023
Beginning balance	$ 3,017,903	$ 5,033,605
The Company’s share of net income of MTM LP	(52,853)	(67,330)
Cash distributions from MTM LP	–	(73,559)
Impairment loss	(3,131,644)	(1,760,004)
Currency translation adjustments	256,645	(114,809)
Carrying amount at the end of the year	$ 90,051	$ 3,017,903

Summarized financial information for the Company’s investment in associate, on a 100% basis and reflecting adjustments made by the Company, including adjustments for differences in accounting policies is as follows:

	Year ended December 31, 2024	2023
Royalty revenue	$ –	$ 901,248
Depletion of royalty interest	–	(361,203)
Revenue, net of depletion	$ –	$ 540,045
Administration expenses	(211,412)	(430,727)
Total net (loss) income	$ (211,412)	$ 109,318
Company's share of (loss) income of associate (i)	$ (52,853)	$ (67,330)

(i) The Company's share of loss or income of MTM LP comprises 25% of its revenue, and 50% of its expenses to August 31, 2023 and 25% of its expenses thereafter.

At December 31, 2024 and 2023, MTM LP's only non-current asset was the MTM Royalty interest, and it had no significant amount of liabilities.

6 . FIXED ROYALTY RECEIVABLE

In September 2023, the Company acquired a 0.5% GRR, in addition to its existing 1.0% GRR (note 4), on the Bissett Creek graphite project in Ontario, Canada, operated by Northern Graphite Corporation ("Northern Graphite"), in exchange for a cash payment of $950,000 (the "Aggregate Consideration"). Concurrently to the acquisition of the additional royalty interest in Bissett Creek, the Company also entered into an amended and restated royalty (the "A&R Bisset Creek Agreement") agreement with Northern Graphite. Pursuant to the terms of the amended agreement, in addition to the GRR on future production, Northern Graphite will make a separate fixed royalty payment (the "Fixed Royalty") to the Company in the total amount of $200,000, payable in eight quarterly payments of $25,000 over a two year period. The Fixed Royalty has been recognized as a financial instrument, and was recorded at its fair value upon initial recognition. The difference between the Aggregate Consideration and the initial fair value of the Fixed Royalty was recorded in mineral royalty interests.

(Expressed in Canadian Dollars, unless otherwise stated)

The following is a continuity of the Fixed Royalty receivable, which is carried at amortized cost in these Financial Statements:

	Year ended December 31, 2024	Year ended December 31, 2023
Beginning balance	$ 171,035	$ –
Aggregate fair value of cash advances upon initial recognition	–	162,975
Accretion for the year	22,406	8,060
Payments received	(100,000)	–
	$ 93,442	$ 171,035
Current portion	$ 93,442	$ 77,594
Non-current portion	–	93,441
	$ 93,442	$ 171,035

7 SHARE CAPITAL

(a) Authorized share capital

The authorized share capital of the Company was comprised of an unlimited number of common shares without par value ("Common Shares"). All issued shares are fully paid.

8 RESERVES

(a) Equity-settled share-based payment arrangements

The Company's stock option compensation plan (the "Option Plan") allows it to grant options exercisable to acquire up to a total of 10% of the issued and outstanding shares of the Company at any one time, subject to regulatory terms and approval, to its directors, officers, employees, consultants, and service providers. The exercise price of each option may be set equal to or greater than the closing market price of the Common Shares of the Company on the day prior to the date of the grant of the option, less any allowable discounts. Awards typically vest in several tranches over 18 months. Options can have a maximum term of ten years and terminate 60 days following the termination of the optionee's employment, or 180 days following the optionee's death or disability.

The number and weighted-average exercise prices of share options were as follows:

Continuity of options		Year ended December 31, 2024		Year ended December 31, 2023	
	Note	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding – beginning balance		6,325,000	$ 0.36	7,197,500	$ –
Options granted		2,506,000	$ 0.22	–	$ –
Options expired		(550,000)	$ (0.37)	(872,500)	$ (0.29)
Options outstanding – ending balance		8,281,000	$ 0.32	6,325,000	$ 0.36
Options exercisable – ending balance		7,379,002	$ 0.33	6,325,000	$ 0.36

(Expressed in Canadian Dollars, unless otherwise stated)

The fair value of the Company's share options has been measured using the Black-Scholes option pricing model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The fair value of the options granted during the year ended December 31, 2024 was determined as $0.14 per option, using the following weighted average inputs: risk-free interest rate of 3.60%; expected volatility of 86%; underlying market price of $0.22 per share; time to expiry of 4.45 years; and dividend yield of nil%.

The following table summarizes information on the options outstanding:

Remaining contractual life options	December 31, 2024		December 31, 2023	
Exercise price	Number of Options	Weighted average remaining contractual life (years)	Number of Options	Weighted average remaining contractual life (years)
$0.220	2,506,000	3.68	–	–
$0.280	–	–	200,000	0.12
$0.290	2,575,000	0.54	2,575,000	1.54
$0.340	200,000	0.24	200,000	1.24
$0.415	3,000,000	1.79	3,350,000	2.58
	8,281,000	1.94	6,325,000	2.04

(b) Share purchase warrants

The number, exercise prices and expiration dates of the Company's share purchase warrants were as follows:

			Year ended December 31, 2024		
			Number of warrants		
Warrants issued pursuant to:	Exercise price	Expiration	Beginning	Issued/ (Expired)	Ending
Investment in associate (i)	0.60	August 2025	5,348,970	–	5,348,970
Glassville Royalty (i)	0.60	August 2025	151,030	–	151,030
Public offering	0.45	May 2025	11,500,000	–	11,500,000
Finders' fees	0.30	May 2024	805,000	(805,000)	–
			17,805,000	(805,000)	17,000,000

			Year ended December 31, 2023		
			Number of warrants		
Warrants issued pursuant to:	Exercise price	Expiration	Beginning	Issued/ (Expired)	Ending
2021-Private Placement	0.60	July 2023	5,000,000	(5,000,000)	–
Investment in associate (i)	0.60	August 2025	5,348,970	–	5,348,970
Glassville Royalty (i)	0.60	August 2025	151,030	–	151,030
Public offering	0.45	May 2025	11,500,000	–	11,500,000
Finders' fees	0.30	May 2024	805,000	–	805,000
			22,805,000	(5,000,000)	17,805,000

(i) Warrants issued pursuant to acquisition of investment in associate (note 5) and the Glassville Royalty (note 4)

In the event the Company's share price trades above $1.00 per share for 10 consecutive days after year 2, 50% of these warrants expire within 30 days of such date; and in the event the Company's share price trades above $1.50 per share for 10 consecutive days after year 3, all warrants expire within 30 days of such date.

The fair value of the warrants issued pursuant to the acquisition of the Company's interest in MTM-LP (note 5) was determined using the residual value method (note 7).

For the warrants issued pursuant to the acquisition of the Glassville Royalty, the fair value on the date of issuance was $0.13 per warrant and was measured using the Black-Scholes option pricing model. The inputs used in the measurement of the fair values these warrants were as follows: share price $0.405; expected volatility 57%; risk free interest rate 0.80%; expected life of 4 years; and dividend yield nil%.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations into Canadian Dollars.

9 . CONVERTIBLE LOAN

In November 2022, the Company entered into a convertible loan facility (the "Loan Facility" or "Convertible Loan") with a significant shareholder (the "Lender") of the Company, which agreement was amended in April 2023, as further described below. The Loan Facility was initially for $2 million with a three-year term, and was subject to interest at 15% per annum, with interest to be accrued and payable at the end of the loan term. There is no commitment fee payable on the Loan Facility.

In April 2023, the Company and the Lender entered into an agreement to increase the Loan Facility from $2 million to $5 million. The Lender also agreed to modify the interest rate to a lower, floating rate (Secured Overnight Financing Rate (or "SOFR") + 7%), with a maximum interest rate of 12.5% p.a., as compared to the original rate of 15% p.a. All other terms remain the same. The Company concluded that this was a non-substantive loan modification, and it recorded a modification gain of $61,000 during the year ended December 31, 2023 as a credit to finance expenses.

In February 2024, the Company and the Lender signed an amended and restated convertible loan agreement (the "A&R Loan Agreement"), among other things, to increase the Company's existing convertible loan facility from $5,000,000 to $10,000,000, subject to certain conditions set out in the A&R Loan Agreement and to extend the maturity date of the Convertible Loan by two years to January 12, 2028. The Company concluded that the amendments to the Loan Facility pursuant to the A&R Loan Agreement was a non- substantive loan modification, and it recorded a modification gain of $315,786 during the year ended December 31, 2024.

At the discretion of the Lender, after six months from the initial drawdown date, the Convertible Loan plus accrued interest is convertible into common shares of the Company as follows: (a) the conversion price (the "Conversion Price") for the principal sum of the Convertible Loan is set at the date of each advance at a 100% premium above the 30-day VWAP of Company's shares, subject to a minimum conversion price of $0.50 per share; and (b) subject to prior approval of the TSX Venture Exchange, the conversion price for accrued interest is the market price at the time of settlement. The conversion price is fixed for each individual advance and applicable solely to that advance.

Under the A&R Loan Agreement, at December 31, 2024, the convertible loan facility is secured by: (i) a portion of the Company's existing royalty portfolio (1.5% Gross Revenue Royalty on the Penouta mine in Spain, 0.5% Gross Revenue Royalty on the Kenbridge nickel project in Canada, Gross Revenue Royalties on the Authier lithium project in Canada, 1.5% Gross Revenue Royalty on the Bissett Creek graphite project in Canada, 0.5% Gross Revenue Royalty on the Zonia copper project in the United States, 2.5% Net Smelter Royalty on the Graphmada mine in Madagascar, 2% Gross Metal Royalty on the Battery Hill manganese project in Canada, 1% Gross Metal Royalty on vanadium production from the

(Expressed in Canadian Dollars, unless otherwise stated)

Mont Sorcier Project in Québec, and 0.75% Gross Revenue Royalty on the producing Punitaqui copper mine in Chile) (collectively, the "Secured Royalties"); and (ii) collateral assignments of the receivables and proceeds of each Secured Royalty. Moreover, under the terms of the A&R Loan Agreement and the Canadian Security Agreement, any royalty interests and other personal property acquired subsequently by the Company using proceeds from the Loan Facility or otherwise charged in favour of the Lender will also form part of the collateral and be subject to a first priority security interest in favour of the Lender.

In April 2024, the Company completed a drawdown of $2,500,000 against the A&R Loan Agreement to finance the cash component of the Lithium Portfolio and for working capital purposes. In November 2024, the Company completed a drawdown of $3,050,000 against the A&R Loan Agreement to finance the acquisition of the Punitaqui Royalty.

In May 2024, the Lender elected to convert $578,176 of interest accrued on the Convertible Loan under the A&R Loan Agreement into 2,753,220 common shares of the Company at a conversion price of $0.21 per share. In September 2024, the Lender elected to convert $217,479 of interest accrued on the Convertible Loan under the A&R Loan Agreement into 1,279,288 common shares of the Company at a conversion price of $0.17 per share.

The Convertible Loan is a compound financial instrument, which has both liability and equity characteristics, and the initial carrying amount of each advance is allocated to its equity and liability components. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the fair value of the liability component. Moreover, an initial deferred tax of $188,730 was charged to equity due to a taxable temporary difference resulting from crediting of the residual value directly in equity upon separation of the compound instrument. Concurrently, the deferred tax liability arising from the deferred tax amount charged directly to equity was derecognized, with a corresponding deferred tax recovery recorded in net loss for the current reporting period, because the Company had accumulated tax losses in excess of the residual amount from which the deferred tax liability originated.

Cash advances	Advance date	Conversion price	Gross proceeds	Fair value of debt	Residual value
Cash advances received during the year ended December 31, 2023					
First Advance	January 18, 2023	$ 0.62	$ 1,000,000	$ 903,000	$ 97,000
Second Advance	April 19, 2023	0.71	500,000	449,000	51,000
Third Advance	July 26, 2023	0.63	1,400,000	1,269,000	131,000
Fourth Advance	September 26, 2023	0.50	1,050,000	959,000	91,000
Fifth Advance	October 19, 2023	0.50	500,000	458,000	42,000
			$ 4,450,000	$ 4,038,000	$ 412,000
Cash advances received during the year ended December 31, 2024					
Sixth Advance	April 10, 2024	0.50	$ 2,500,000	$ 2,155,000	$ 345,000
Seventh Advance	November 26, 2024	0.50	3,050,000	2,696,000	354,000
			$ 5,550,000	$ 4,851,000	$ 699,000
Total			$ 10,000,000	$ 8,889,000	$ 1,111,000

(Expressed in Canadian Dollars, unless otherwise stated)

Continuity of the carrying amount of the Convertible Loan is as follows:

	Year ended December 31, 2024	2023
Beginning balance	$ 4,338,522	$ –
Aggregate fair value of cash advances upon initial recognition	4,851,000	4,038,000
Finance expenses – convertible note		
Interest for the year	824,288	292,198
Debt accretion for the year	280,110	69,324
Gain on modification	(315,786)	(61,000)
	788,612	300,522
Conversion of accrued interest into the Company's common shares	(795,655)	–
Carrying amount at the end of the year	$ 9,182,479	$ 4,338,522

10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note	December 31, 2024	December 31, 2023
Trade payable		$ 721,530	$ 132,192
Unpaid directors' fees and executive salaries		$ 62,000	$ –
Punitaqui Royalty purchase consideration payable	4(d)	450,000	–
Total		$ 1,233,530	$ 132,192

11 RELATED PARTY TRANSACTIONS

See Note 9 for related party relationship involving the Lender of the Loan Facility. In addition, during the year ended December 31, 2024, the Company reimbursed the Lender's legal expenses in the amount of $100,000 (2023 - $Nil) with respect to various Company-related legal matters.

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company and include chief executive officer and directors of the Company. Transactions with the Company's key management personnel were as follows:

	Year ended December 31, 2024	2023
Short-term employment benefits(i)(ii)	$ 444,124	$ 407,887
Share-based payments	263,195	–
Total	$ 707,319	$ 407,887

(i) Includes executive salaries and directors' fees relating to the Company's key management personnel.
(ii) December 31 2024, there was $62,000 accrued in unpaid executive salaries and directors' fees (note 10).

(Expressed in Canadian Dollars, unless otherwise stated)

12 INCOME TAXES

(a) *Provision for current tax*

	Year ended December 31, 2024	2023
Current income tax recovery(i)	$ –	$ 19,712
	188,730	–
	$ 188,730	$ 19,712

(i) Current income tax recovery relates to ELEC-US.

(b) *Provision for deferred tax and reconciliation of effective tax rate*

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized.

Reconciliation of effective tax rate	Year ended December 31, 2024	2023
Loss for the year	$ 6,361,621	$ 5,999,277
Total income tax recovery	188,730	19,712
Loss for the year, before income tax	$ 6,550,351	$ 6,018,989
Income tax recovery using the Company's 27% statutory tax rate	$ (1,769,000)	$ (1,625,000)
Difference in tax rates	14,000	–
Non-deductible expenses and other	626,270	210,288
Change in unrecognized temporary differences, including unrecognized tax losses	940,000	1,395,000
Total	$ (188,730)	$ (19,712)

Carried forward losses and expenditure pools	At December 31, 2024	2023
Unused non-capital loss carry forwards and deductible expenditure pools (approximately)	$ 10,499,000	$ 7,679,000

	At December 31, 2024	2023
Deferred Income Tax Assets (Liabilities)		
Tax losses	$ 228,000	$ 30,000
Convertible debt	(228,000)	(30,000)
Net deferred tax asset (liability)	$ –	$ –

As at December 31, 2024, the Company had the following tax losses and other temporary differences for which no deferred tax asset was recognized:

Expiry	Tax Losses	Other
Within one year	$ –	$ –
One to five years	–	–
After five years	9,003,000	468,000
No expiry date	–	5,563,000
Total	$ 9,003,000	$ 6,031,000

(Expressed in Canadian Dollars, unless otherwise stated)

13 FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. Fixed Royalty Receivable (note 6) is also exposed to credit risk.

The Company limits the exposure to credit risk for cash and cash equivalents by only investing it with high-credit quality financial institutions in business and saving accounts, which are available on demand by the Company.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short to medium term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in business accounts.

The Company's financial liabilities are comprised of the following:

December 31, 2024		Contractual Cash Flows			
	Carrying Amount	Total	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Convertible loan	$ 9,182,479	$ 14,680,142	$ –	$ –	$ 14,680,142
Lease liability	10,835	10,835	10,835	–	–
Accounts payable and accrued liabilities	1,233,530	1,233,530	1,233,530	–	–
	$ 10,426,844	$ 15,924,507	$ 1,244,365	$ –	$ 14,680,142

(c) Foreign exchange risk

The Company is exposed to foreign currency risk in respect of its US Dollar-denominated cash is summarized as follows:

		December 31, 2024		December 31, 2023	
	Note	US Dollars	Canadian Dollars	US Dollars	Canadian Dollars
Cash	3	$ 5,342	$ 7,684	$ 107,097	$ 141,872
Sensitivity					
Decrease in net loss with a 10% increase in the value of the U.S. dollar relative to the Canadian dollar			$ 1,000		$ 14,000

(d) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Company is subject to interest rate cash flow risk with respect to its investments in cash and cash equivalents. The Company's policy is to invest cash at fixed rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates and when cash and cash equivalents mature impact interest income earned.

Interest on the Convertible Loan is accrued at a hybrid rate comprising a variable rate (SOFR) and a fixed rate (7% p.a.), subject to a maximum combined interest rate of 12.5% p.a. Accordingly, the Company is exposed to interest rate risk with respect to the Convertible Note to the maximum increase in SOFR to 550 basis points.

(e) Fair value

For the years ended December 31, 2024 and 2023, the Company has no financial assets or liabilities that are measured at fair value. For the Company's financial assets and liabilities carried at amortized cost consisting of cash, royalty revenue receivable, fixed royalty receivable, convertible loan and accounts payable, the carrying amounting approximates fair value due to the short term nature of the financial instrument or the limited time since initial recognition. There are no financial instruments measured using Level 2 or Level 3 measurements and were no transfers between the levels of the fair value hierarchy during the years ended December 31, 2024 and 2023.

(f) Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, convertible debt, net of reserves and accumulated deficit. There were no changes in the Company's approach to capital management during the year ended December 31, 2024. At December 31, 2024, the Company was not subject to any externally imposed capital requirements.

14 EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Brokered Private Placement And Concurrent Non-Brokered Private Placement

In January 2025, the Company closed a brokered private placement (the "Offering"). An aggregate of 12,248,235 units of the Company ("Units") were sold under the Offering at a price of $0.18 per Unit (the "Issue Price") for gross proceeds of $2,204,682. Canaccord Genuity Corp. and Red Cloud Securities Inc. (collectively, the "Agents") acted as agents in connection with the Offering.

In addition, the Company closed a non-brokered private placement (the "Concurrent Financing" and together with the Offering, the "Private Placements") with Globex Mining Enterprises Inc. of 1,666,667 additional Units of the Company (the "Additional Units" and together with the Units, the "Offered Units") at a price of $0.18 per Additional Unit for additional gross proceeds of $300,000. The Company raised aggregate gross proceeds of $2,504,682 from the Private Placements.

Each Offered Unit is comprised of one common share of the Company (each, a "Common Share") and one common share purchase warrant of the Company (each whole common share purchase warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one common share of the Company (each, a "Warrant Share") at an exercise price of $0.25 per Warrant Share for a period of 2 years following the closing of the Private Placements.

The Agents received an aggregate cash commission equal to $122,828 and an aggregate of 682,377 warrants of the Company (the "Broker Warrants"). Each Broker Warrant will be exercisable to acquire one Common Share at an exercise price of C$0.18 at any time on or before January 15, 2027. The Broker Warrants and Common Shares underlying the Broker Warrants are subject to a four-month hold period pursuant to Canadian securities laws.

(b) Conversion of accrued interest on the Loan Facility (note 9) into the Company's common shares

In February 2025, the Lender elected to convert $428,540 of interest accrued on the Convertible Loan under the A&R Loan Agreement into 3,174,373 common shares of the Company at a conversion price of $0.135 per share.