IberAmerican Lithium Corp.

(Formerly 1317198 B.C. Ltd.)

Consolidated Financial Statements

For the year ended December 31, 2023 and for the period from December 19 to December 31, 2022

(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of IberAmerican Lithium Corp.

Opinion

We have audited the consolidated financial statements of IberAmerican Lithium Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2023 and period from December 19, 2022 to December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated 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 consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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.

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

Other information

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

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

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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.

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

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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 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 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 judgement 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 risks 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 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 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 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.

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 of the audit resulting in this independent auditor's report is Soheil Talebi.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 26, 2024

IberAmerican Lithium Corp. (Formerly 1317198 B.C. Ltd.)
Consolidated Statements of Financial Position
(expressed in Canadian dollars)

As at	**Notes**	**December 31,2023** **$**	**December 31,2022** **$**
Assets			
Current assets:			
Cash and cash equivalents		3,419,835	304,338
Prepaid expenses	7	639,382	-
Sales tax recoverable		208,578	4,673
Total current assets		4,267,795	309,011
Non-current assets:			
Equipment	8	76,795	-
Total assets		**4,344,590**	**309,011**
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities:			
Trade and other payables	10	349,808	41,147
Promissory note payable	6	-	1,000,000
Employee benefit obligations - Restricted stock unit liabilities	11 (d)	96,785	-
Total current liabilities		446,593	1,041,147
Non-current liabilities:			
Employee benefit obligations - Restricted stock unit liabilities	11 (d)	80,479	-
Total liabilities		527,072	1,041,147
Shareholders' equity (deficiency):			
Share capital	11 (a)(b)	10,422,565	1,331,842
Warrants	11 (c)	1,696,820	-
Contributed surplus	11 (d)	171,419	-
Accumulated deficit		(8,473,286)	(2,065,279)
Total shareholders' deficiency attributable to equity holders of the Company		3,817,518	(733,437)
Non-controlling interest	6	-	1,301
Total shareholders' equity (deficiency)		**3,817,518**	**(732,136)**
Total liabilities and shareholders' equity (deficiency)		**4,344,590**	**309,011**

Nature of Business and Continuing Operations (Note 1)
Commitments and Contingencies (Note 15)
Subsequent Events (Note 17)

Authorized and approved on behalf of the Board of Directors:

"Eugene McBurney"
Director

"David Young"
Director

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

IberAmerican Lithium Corp. (Formerly 1317198 B.C. Ltd.)

Consolidated Statements of Operations and Comprehensive Loss

(expressed in Canadian dollars)

	Notes	For the year ended December 31, 2023 $	From December 19, 2022 (date of incorporation) to December 31, 2022 $
Expenses			
Exploration and evaluation expenses	9 and 10	420,499	-
Depreciation and amortization expense	8 and 9	10,450	-
Project acquisition expense	6	-	2,852,806
Salaries and expenses	10	372,152	-
Stock-based compensation	10 and 11 (d)	348,683	-
Directors fees	10	30,000	-
Professional services		1,208,046	-
General and administrative expenses		64,821	68,315
Insurance		15,392	-
Regulatory and transfer agent fees		209,179	-
Investor relations and marketing		1,488,663	-
Travel expenses		180,858	-
Other services		13,322	-
Total expenses		**4,362,065**	**2,921,121**
Other expense (income)			
Finance income		(17,123)	-
Loss on foreign exchange		1,116	-
Transaction costs related to the acquisition	5	1,063,250	-
Total other expense		**1,047,243**	**-**
Net loss and comprehensive loss		**(5,409,308)**	**(2,921,121)**
Net loss and comprehensive loss attributable to:			
Equity holders of the Company		(5,352,454)	(2,065,279)
Non-controlling interest	6	(56,854)	(855,842)
		(5,409,308)	**(2,921,121)**
Basic and diluted loss per share	12	(0.07)	(0.10)
Weighted average number of shares outstanding - Basic and diluted	12	80,742,531	29,916,767

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

IberAmerican Lithium Corp. (Formerly 1317198 B.C. Ltd.)
Consolidated Statements of Shareholders' Equity (Deficiency)
(expressed in Canadian dollars)

	Common Shares	Share Capital	Warrants	Contributed surplus	Deficit	Non controlling interest	Total
	#	$	$	$	$	$	$
Issued on incorporation (Note 11)	100	1	-	-	-	-	1
Shares issued for services (Note 11)	40,000,000	40,000	-	-	-	-	40,000
Private Placement - Tranche 1 (Note 11)	13,000,000	1,300,000	-	-	-	-	1,300,000
Less share issue cost	-	(8,159)	-	-	-	-	(8,159)
Non-controlling interest from acquisition (Note 6)	-	-	-	-	-	857,143	857,143
Net loss for the year	-	-	-	-	(2,065,279)	(855,842)	(2,921,121)
Balance at December 31, 2022	**53,000,100**	**1,331,842**			**(2,065,279)**	**1,301**	**(732,136)**
Private Placement - Tranche 2 (Note 11)	14,550,000	1,455,000	-	-	-	-	1,455,000
Private Placement - Tranche 3 (Note 11)	450,000	45,000	-	-	-	-	45,000
Less share issue cost	-	(36,506)	-	-	-	-	(36,506)
Repurchase of incorporation shares (Note 11)	(100)	(1)	-	-	-	-	(1)
Concurrent Financing (Note 5)	36,450,488	9,112,622	-	-	-	-	9,112,622
Concurrent Financing issuance cost	-	(650,350)	(199,795)	-	-	-	(850,145)
Warrants issued (Note 5)		(1,629,337)	1,629,337	-	-	-	-
Broker warrants (Note 5)	-	(267,278)	267,278	-	-	-	-
Stock based compensation (Note 11)	-	-	-	171,419	-	-	171,419
Issued to acquire 131 (Note 11)	5,000,000	1,050,000	-	-	-	-	1,050,000
Private Placement - 131 Financing (Note 11)	50,000	12,500	-	-	-	-	12,500
Less share issue cost	-	(927)	-	-	-	-	(927)
Non-controlling interest acquisition (Note 6)	-	-	-	-	(1,055,553)	55,553	(1,000,000)
Total loss for the year	-	-	-	-	(5,352,454)	(56,854)	(5,409,308)
Balance at December 31, 2023	**109,500,488**	**10,422,565**	**1,696,820**	**171,419**	**(8,473,286)**	**-**	**3,817,518**

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

IberAmerican Lithium Corp. (Formerly 1317198 B.C. Ltd.)
Consolidated Statements of Cash Flows
(expressed in Canadian dollars)

	For the year ended December 31, 2023	From December 19, 2022 (date of incorporation) to December 31, 2022
Operating activities	**$**	**$**
Net loss	(5,409,308)	(2,921,121)
Adjustments for non-cash items and other adjustments:		
Depreciation and amortization (Note 8)	10,450	-
Stock-based compensation (Note 11 (d))	348,683	-
Unrealized foreign exchange	(1,081)	-
Transaction cost related to acquisition (Note 5)	1,063,250	-
Project acquisition expense (Note 6)	-	1,852,806
Shares issued for services (Note 11)	-	40,000
Net change in non-cash working capital:		
Prepaid expenses	(639,382)	-
Sales tax recoverable	(200,207)	(4,673)
Trade and other payables	305,504	41,147
Net cash flows (used in) provided by operating activities	**(4,522,091)**	**(991,841)**
Investing activities		
Cash acquired on acquisition (Note 6)	-	4,337
Additions to equipment (Note 8)	(87,245)	-
Cash paid on reverse take-over transaction	(13,791)	-
Net cash flows (used in) provided by investing activities	**(101,036)**	**4,337**
Financing activities		
Proceeds from Private Placements (Notes 5 and 11)	10,625,121	1,300,001
Shares issuance cost (Notes 5 and 11)	(887,578)	(8,159)
Promissory note payable (Note 6)	(1,000,000)	-
Additional Lithium Project participation acquisition (Note 6)	(1,000,000)	-
Net cash flows (used in) provided by financing activities	**7,737,543**	**1,291,842**
Net increase in cash during the year	**3,114,416**	**304,338**
Foreign exchange impact on cash held in foreign currencies	1,081	-
Cash and cash equivalents, beginning of the year	304,338	-
Cash and cash equivalents, end of the year	**3,419,835**	**304,338**
Supplemental cash flow information		
Warrants issued on Concurrent Financing (Broker warrants) (Note 5)	267,278	-

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

IberAmerican Lithium Corp. (the "Company"or "IberAmerican"), formerly 1317198 B.C. Ltd. ("131), was incorporated under the Business Corporations Act of British Columbia on July 27, 2021.

On September 1, 2023, 1317198 B.C. Ltd. completed a reverse takeover transaction (the “RTO” or “Transaction”) with IberAmerican Lithium Inc. (“ILI”), a privately held mineral exploration company, by way of “three-cornered” amalgamation (Note 5). The issuer resulting from the Transaction (the “Resulting Issuer”) carries on the business of ILI under the name “IberAmerican Lithium Corp."

The Company’s head office and registered office is located at 365 Bay Street, Suite 800, Toronto, Ontario, M5H 2V1. The Company’s common shares trade on Cboe Canada Inc. (“Cboe”) under the symbol “IBER”. On November 23, 2023, the Company listed its common share purchase warrants ("Warrants") on Cboe under the symbol "IBER.WT.A". On December 19, 2023, the Company’s common shares commenced trading on the OTCQB under the symbol "IBRLF".

The Company is engaged in the acquisition and exploration of mineral resource properties in Spain, namely its lithium exploration project beneficially owned and controlled by IberAmerican Lithium Spain, Sociedad Limitada (S.L.U.) (“IberSpain”), which consists of: (i) the investigation permit No 5186 (the “Lithium Alberta Project”); and (ii) the application for investigation permit No 5191 (the “Lithium Carlota Project”), collectively the “Lithium Projects”.

Although the Company has taken steps to verify title to the properties on which it will conduct exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing, requirements, or regulations, unregistered prior agreements, unregistered claims, first nations’ claims and non-compliance with regulatory requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contacts and political uncertainties.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing, as necessary.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company incurred losses of $5,409,308 for the year ended December 31, 2023 (2022 - $2,921,121) and has a working capital surplus of $3,821,202 as at December 31, 2023 (2022 – deficiency of $732,136).

The Company's ability to continue as a going concern is dependent upon obtaining additional financing. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements. Such adjustments could be material.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 26, 2024.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The policies set out below were consistently applied to all periods presented unless otherwise noted.

3. BASIS OF PREPARATION

Basis of consolidation

As described in Note 5, on April 25, 2023, the Company, 131 and 131 Subco entered into a definitive business combination agreement (the "Business Combination Agreement""), which was subsequently amended on June 30, 2023. Following the closing of the Transaction, the 131 will carry on the business of the Company under the name "IberAmerican Lithium Corp." (the "Resulting Issuer").

These consolidated financial statements comprise the financial results of the Company, including its subsidiaries as follows:

Entity	Structure	Registered	Functional Currency
IberAmerican Lithium Corp. ("IberAmerican")	Parent	Canada	Canadian dollar
IberAmerican Lithium Inc. ("ILI")	Subsidiary	Canada	Canadian dollar
IberAmerican Lithium Spain, S.L.U. ("IberSpain")	Subsidiary	Spain	Canadian dollar

All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

Subsidiaries are those entities which IberAmerican controls. Control exists when the Company is exposed to or has rights to the variable returns of the subsidiary and has the ability to affect those returns through its power over the subsidiary. Power is defined as existing rights that give the Company the ability to direct the relevant activities of the subsidiary. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Basis of measurement

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

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars ("CAD" or "$"). The subsidiaries of the Company determine their own functional currency based on the primary economic environment in which the subsidiary operates and it is disclosed under the basis of consolidation above.

Transactions and balances
Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions or revaluation where items are re-measured. Foreign

exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of operations and comprehensive loss.

Use of estimates and judgments

The preparation of these consolidated financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern. See Note 1.

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the consolidated financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Recoverability of potential deferred tax assets
In assessing the probability of realizing deferred income tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Valuation of share-based payments
The Company values share-based payments granted using market-based generally accepted valuation techniques at the date of grant. Assumptions made for the valuation include volatility of the share price, risk free interest rate and the life of the stock options granted. Such assumptions are highly subjective and changes in these assumptions materially affect the calculated fair value. Assumptions and models

used for estimating fair value for share-based payment transactions is disclosed in Note 11. The expected volatility assumptions for option grants are based on comparable companies.

Estimation of decommissioning and reclamation costs and the timing of expenditure
Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. Cost estimates are updated annually to reflect known developments and are subject to review at regular intervals. The Company is not aware of any material decommissions and reclamation costs at December 31, 2023 and 2022.

Business Combinations
The determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require management to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 - Business Combinations.

The Company determined that IberSpain did not meet the definition of a business based on the criteria outlined by IFRS 3. As such, the Company determined that the acquisition of IberSpain was not a business combination and accordingly this acquisition was accounted for as an asset acquisition. See Note 6.

The Company determined the acquisition of 131 constitutes a reverse take-over of 131 but does not meet the definition of a business combination. As a result, and in accordance with reverse take-over accounting for a transaction that is not considered a business combination, 131 is treated as the accounting acquiree and the Company is treated as the accounting acquirer. As a result, the go-forward entity is deemed to be a continuation of the Company and the Company is deemed to have acquired control of the assets and operations of 131 in consideration for the issuance of shares and cash, as applicable. See Note 5.

Estimated useful life of equipment
Management estimates the useful lives of equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of equipment for any period are affected by these estimated useful lives. The estimates are reviewed at each reporting date and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's equipment in the future.

Provisions and contingencies
Provisions and contingencies arising in the course of operations, including provisions for income or other tax matters are subject to estimation uncertainty. Management uses all information available in assessing the recognition, measurement and disclosure of matters that may give rise to provisions or contingencies. The actual outcome of various provisional and contingent matters may vary and may cause significant adjustments to the Company's assets when the amounts are determined or additional information is required.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral property rights and exploration and evaluation activities.

Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved by the Board of Directors, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The assets' residual values, useful lives and methods of amortization are reviewed at each reporting period and adjusted prospectively if appropriate.

Amortization methods are as follows:

- Transportation equipment – Six years straight line.
- Field equipment – Four years straight line.
- Computer equipment – Four years straight line.

Equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in consolidated statements of loss.

When parts of an item of equipment have different useful lives, the components are accounted for as separate items of equipment. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in consolidated statements of operations.

Impairment of equipment

At each statement of financial position date or whenever there are indications of impairment losses, the Company reviews the carrying amounts of its equipment to determine whether there is any indication that such equipment has suffered an impairment loss. If any such indication exists, the recoverable amount of the equipment is estimated in order to determine the extent of the impairment loss (if any). There were no indications of impairment losses assessed by the Company in the year ended December 31, 2023 and as a result, no impairment losses were recorded.

Share capital

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Share-based payments

The Company's share compensation plan includes stock options ("Options") and restricted share units ("RSUs"). Each RSU represents a unit with the underlying value equal to the value of one common share of the Company, vests over a specified period of service in accordance with the plan and can be equity or cash settled at the discretion of the counterparty. Options and RSUs are granted to employees, directors and non-employees and are accounted for using the fair value method. The compensation cost for Options granted is determined based on the estimated fair value of the Options at the time of the grant using an option pricing model and is amortized over the vesting period with an offset to the contributed surplus account. When Options are exercised, the contributed surplus and the proceeds received by the Company are credited to share capital. RSUs are valued at the share price prevailing at the time of grant and are amortized as an expense in the consolidated statements of operations over the vesting period. Where it is determined that they are considered equity-settled transactions, they are recorded as an increase to the contributed surplus in the shareholders' equity over the period in which the service conditions are fulfilled. Where the terms of RSU agreements indicate that they are cash-settled transactions, they will be recorded as a liability and remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value being recognized as expenses in the consolidated statements of operations.

Income (loss) per share

Basic income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive.

Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

Decommissioning liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value using a risk-free rate and are provided for and charged to operations, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Non-controlling interest

Non-controlling interest ("NCI") is initially measured at proportionate interest in the acquiree's identifiable net assets at the date of acquisition. The Company attributes total loss and comprehensive loss of subsidiaries between equity holders of the Company and the non-controlling interest based on their respective ownership interests.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. No deferred tax is recognized on asset acquisition. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents primarily consist of short-term investments in money market funds, certificates of deposit, guaranteed investment certificates, and treasury bills. The Company maintains cash balances at financial institutions with high credit ratings, which are subject to minimal credit risk.

Financial instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit or loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Cash and other current assets are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the consolidated statements of operations.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations and comprehensive loss. The Company does not have any financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not have any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of operations and comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss. Dividends from such investments are recognized in other income in the consolidated statements of operations and comprehensive loss when the right to receive payments is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company currently has no financial assets subject to impairment. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivables have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

<u>Financial liabilities</u>

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade and other payables and promissory notes payable which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

<u>Financial instruments recorded at fair value</u>

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

New and amended IFRS standards recently adopted

During the year ended December 31, 2023, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

IAS 8 – Accounting policies, changes in accounting estimates and errors ("IAS-8") - In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates.

IAS 12 – Income taxes ("IAS 12") - In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

New and amended IFRS standards not yet effective

A number of new standards are not yet effective for the year ended December 31, 2023, and have not been applied in preparing these financial statements. Many are not applicable to, or do not have a significant impact on the Company and have therefore been excluded. The following have not been adopted and are being evaluated to determine their impact on the Company's consolidated financial statements:

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. In February

2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2024.

5. REVERSE TAKEOVER TRANSACTION

131 Amalgamation

On February 22, 2023, 131 entered into a Letter of Intent with ILI, pursuant to which the parties intended to complete the 131 Amalgamation and to list the Resulting Issuer Shares on the Cboe (formerly "NEO Exchange") concurrently with, or following, the completion of the 131 Amalgamation. On April 25, 2023, a purpose incorporated wholly owned subsidiary of 131 ("131 Subco") and ILI entered into a business combination agreement to, among other things, effect the 131 Amalgamation pursuant to the BCA. On June 30, 2023, 131, 131 Subco and ILI amended the business combination agreement to, among other things, change the closing date of the 131 Amalgamation from June 30, 2023 to August 30, 2023. On August 18, 2023, 131, 131 Subco and ILI further amended the business combination agreement, to among other things, include a concurrent subscription receipt financing (the "131 Concurrent Financing") and a stock split (the "131 Stock Split") as closing conditions.

On September 1, 2023 the 131 Amalgamation was completed, with the resulting entity being the Company. The transaction was completed according to the terms of an amended and restated business combination agreement dated August 18, 2023 (the "BCA"). Pursuant to the BCA, ILI and 131 Subco incorporated under the laws of the Province of Ontario for the purpose of completing the 131 Amalgamation in accordance with the provisions of the *Business Corporations Act* (Ontario) and continued operating under the name IberAmerican Lithium Inc. In connection with the 131 Amalgamation: (i) holders of the 104,450,488 issued and outstanding common shares of ILI (the "ILI Shares") received one common share of IberAmerican (each a "Resulting Issuer Share") for each ILI Share held; (ii) as consideration for the issuance of the Resulting Issuer Shares to effect the 131 Amalgamation, the Resulting Issuer received one common share of the corporation resulting from the amalgamation of 131 Subco and the Company for each Resulting Issuer Share issued to holders of ILI Shares; and (iii) each common share in 131 Subco issued to the Resulting Issuer on incorporation was cancelled.

Additionally, the Resulting Issuer issued 18,225,244 replacement common share purchase warrants (the "Resulting Issuer Warrants") to existing holders of common share purchase warrants in ILI on a 1:1 basis.

Prior to the Amalgamation, 131 split its shares on a 1.29032258065:1 basis (the "Stock Split") and 131 received shareholder approval for the Stock Split to result in a total of 5,000,000 131 Shares being held by existing 131 shareholders at a price of $0.21 per 131 Share.

Prior to the 131 Amalgamation, 131 completed the 131 Financing (as defined below) for a private placement of 50,000 131 Shares at a price of $0.25 per 131 Share. The amount paid for regulatory and legal costs was $927.

The 131 Amalgamation does not constitute a business combination since 131 does not meet the definition of a business under IFRS 3. As a result, the 131 Amalgamation is accounted for in accordance with IFRS 2 with the Company being identified as the acquirer and 131 being treated as the accounting acquiree. The 131 Amalgamation was measured at the fair value of the common shares issued to the 131 historical shareholders.

(Expressed in Canadian dollars)

The fair values of the identifiable assets and liabilities of 131 acquired on the acquisition date were as follows:

Fair value of 5,000,000 shares issued at $0.21 per share	$1,050,000
Cash payment	13,791
Total purchase consideration	**$1,063,791**
Identifiable assets acquired (liabilities assumed)	
Other receivable	3,541
Trade and other payables	(3,000)
Net assets acquired	**$541**
Transaction costs related to the acquisition	**$1,063,250**
Total allocation of purchase price	$1,063,791

Concurrent Financing

On August 24, 2023, ILI completed a concurrent private placement of 36,450,488 subscription receipts ("ILI Subscription Receipts") at a price of $0.25 per ILI Subscription Receipt (the "Concurrent Financing") for aggregate gross proceeds of $9,112,622. Each ILI Subscription Receipt comprised one Resulting Issuer Share and one-half of one Resulting Issuer Warrant. Each Resulting Issuer Warrant is exercisable for one Resulting Issuer Share at an exercise price of $0.40 per share until September 1, 2026. A value of $1,629,337 has been assigned to the Resulting Issuer Warrants using the Black-Sholes model with the following assumptions: expected dividend yield of 0%, expected volatility of 88% based on representative entities, a risk-free rate of 4.81%, share price of $0.21, and an expected life of 3 years.

IberAmerican paid to the agents a 6% cash commission on the brokered portion of the Concurrent Financing, and additionally issued to the agents an aggregate of 1,838,676 ILI broker warrants (the "ILI Broker Warrants"), representing 6.0% of the aggregate number of ILI Subscription Receipts issued pursuant to the brokered portion of the Concurrent Financing. Upon completion of the Amalgamation, each ILI Broker Warrant was exchanged for one Resulting Issuer broker warrant (a "Resulting Issuer Broker Warrant") exercisable until September 1, 2026 to purchase a Resulting Issuer Broker Warrant Unit, comprising one Resulting Issuer Share and one-half of one Resulting Issuer Warrant, at a purchase price equal to $0.25 per Resulting Issuer Broker Warrant. Each Resulting Issuer Warrant will be exercisable for one Resulting Issuer Share at an exercise price of $0.40 until three (3) years from the date on which the Escrow Release Conditions are satisfied. A value of $267,278 has been assigned to the Broker Warrants using the Black-Sholes model with the following assumptions: expected dividend yield of 0%, expected volatility of 88% based on representative entities, a risk-free rate of 4.44%, unit price of $0.25, and an expected life of 3 years.

Immediately prior to the completion of the transaction, 131 completed a non-brokered private placement of 50,000 131 Shares at a price of $0.25 per 131 Share for aggregate gross proceeds to 131 of $12,500 (the "131 Financing"), effected the Stock Split, changed its name to "IberAmerican Lithium Corp.", reconstituted its Board to consist of nominees of ILI, and all existing officers of 131 resigned and were replaced by nominees of ILI.

6. EXPLORATION AND EVALUATION PROPERTIES

The Lithium Alberta Project and the Lithium Carlota Project

On December 28, 2022, Strategic Minerals Europe Corp. ("SMEC"), Strategic Minerals Spain, SLU ("SMS") and the Company entered into a definitive option purchase agreement (the "Purchase Agreement") pursuant to which the Company was granted the exclusive option by SMEC to purchase 70% of the issued and outstanding common shares of IberSpain (the "Option Shares"), thus acquiring beneficial title to the Lithium Projects (the "Lithium Option").

(Expressed in Canadian dollars)

The Lithium Option was exercised by ILI on December 28, 2022. As a condition precedent to the exercise of the Lithium Option, ILI paid SMEC $1,000,000 on December 28, 2022 and delivered a non-interest bearing promissory note in the amount of $1,000,000, which was due, payable and paid on February 15, 2023.

Upon the exercise of the Lithium Option, SMEC, SMS, ILI and IberSpain entered into a joint venture agreement dated December 28, 2022 in respect of the exploration, development, exploitation and operation of the Lithium Projects (the “JV Agreement”). Pursuant to the JV Agreement, SMS agreed and SMEC acknowledged that until the transfer of title to the Lithium Projects was legally effected, SMS shall hold the Lithium Projects (including the permits underlying each of the Lithium Projects) in trust on behalf of and for the sole benefit of IberSpain. With the approval of the 5186 Permit extension, the Company anticipates obtaining final approvals from the Governing authority to affect the transfer of the IberSpain Shares directly to the Company in the following months.

The Company determined that it obtained control over IberSpain on December 28, 2022, the acquisition date. SMEC’s 30% interest was recorded as a non-controlling interest. The fair value of IberSpain was determined to be $2,857,143 based on the price paid by the Company for its interest, as follows:

Purchase Payments	$ 2,000,000	(70% interest)
Non-controlling interest	857,143	(30% interest)
Total value of IberSpain	**2,857,143**	

For the purchase price allocation, a cash balance of $4,337 was identified and the balance of the purchase price ($2,852,806) was recorded as the project acquisition expense.

At the time of the acquisition, a director of SMEC was a director, officer and shareholder of ILI and one officer and one director of SMEC were shareholders of ILI. The shareholdings of such individuals did not individually or in the aggregate constitute control of ILI.

Under the Lithium Option, 70% of the outstanding shares of IberSpain would be held by ILI and 30% by SMEC, where IberSpain was the owner of the Lithium Projects and ILI would serve as the operator. On September 28, 2023, ILI acquired the remaining 30% of the outstanding shares of IberSpain from SMEC for $1,000,000 paid in cash, following which ILI now beneficially holds 100% of IberSpain (the “IberSpain Shares”).

Pursuant to the terms of the collective Purchase Agreements to acquire 100% of the shares of IberSpain, the parties agreed that notwithstanding the exercise of the Lithium Option on December 28, 2022 and the acquisition on September 28, 2023, SMEC and SMS were to: (i) hold the IberSpain Shares in trust for, and on behalf of the Company until the transfer of IberSpain Shares has been approved by the governing authority; and (ii) hold the Lithium Projects in trust for and on behalf of IberSpain until the Lithium Projects have been legally transferred to IberSpain.

As at December 31, 2023, SMS is the legal holder of the exploration rights for Lithium and Tin on the Lithium Alberta Project, pursuant to an exploration permit granted by the Galician Government. The permit is registered as ALBERTA II, Investigative Permit number OU/C/05186 (the “5186 Permit”). The exploration term for the permit has been extended several times. The last three-year extension of the 5186 Permit expired on December 28, 2020. However, on October 7, 2021, the Xunta de Galicia, through the Council of Economy and Industry issued a certification confirming that SMS was the current holder of the 5186 Permit and that an additional extension request was under review by the Galician Government. The extension request was approved by the Galician Government on October 2, 2023.

The fair value of IberSpain at the acquisition date was $2,857,143 and the value of the 30% non-controlling interest held by SMEC was $857,143. For the period from January 1, 2023 to September 28, 2023, $56,854 had been recognized as net loss attributable to non-controlling interest and at September 28, 2023, the non-controlling interest was acquired by the Company.

	IberAmerican Shareholders' Equity	Non controlling interest	Total shareholders' equity (deficiency)
	$	$	$
Initial value of IberSpain	**2,000,000**	**857,143**	**2,857,143**
Net loss for the year 2022	(1,996,964)	(855,842)	(2,852,806)
Balance at December 31, 2022	**3,036**	**1,301**	**4,337**
Accumulated loss as at September 28, 2023	(132,659)	(56,854)	(189,513)
Non-controlling interest acquisition by the Company	(1,055,553)	55,553	(1,000,000)
Balance at September 28, 2023	**(1,185,176)**	**-**	**(1,185,176)**

7. PREPAID EXPENSES

The Company engaged an entity for financial publishing and digital marketing services. They will provide its services for one year and the Company paid in advanced an advertising marketing fee of $676,000 (US$500,000), which were recorded as prepaid expenses and will be amortized during the 12 month term of the contract ($56,333 per month).

The Company engaged an entity to assist the Company with management consulting and marketing insights. They will provide its services for one year for a fee paid in advance of $202,800 (US$150,000), and a six month consultant fee of $12,168 (US$9,000) which together were recorded as prepaid expenses to be amortized over the 12 month term of service ($16,900 monthly) and 6 month term service ($2,028 monthly), respectively.

Other prepaid expenses include an annual subscription to Whistle-blower ethics and compliance reporting services, insurance and legal fees.

8. EQUIPMENT

As at December 31, 2023, a summary of the net book value is as follows:

Figures in Canadian dollars	Transportation equipment	Field equipment	Office Equipment	Computer equipment	Total equipment
Historical Cost					
As at December 31, 2022	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Additions	$ 80,268	$ 847	$ 1,310	$ 4,820	$ 87,245
At December 31, 2023	**$ 80,268**	**$ 847**	**$ 1,310**	**$ 4,820**	**$ 87,245**
Accumulated depreciation					
As at December 31, 2022	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Additions	$ 9,921	$ 151	$ 14	$ 364	$ 10,450
At December 31, 2023	**$ 9,921**	**$ 151**	**$ 14**	**$ 364**	**$ 10,450**
Net book value					
As at December 31, 2022	$ -	$ -	$ -	$ -	$ -
At December 31, 2023	**$ 70,347**	**$ 696**	**$ 1,296**	**$ 4,456**	**$ 76,795**

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION EXPENSE

As at December 31, 2023, a summary of the Exploration and Evaluation Expense is as follows:

	For the year ended December 31, 2023	For the period ended December 31, 2022
Exploration and Evaluation Expenses	**$**	**$**
Exploration professional services	420,499	-
Depreciation and amortization expense	10,450	-
Total exploration and evaluation expenses	**430,949**	**-**

10. RELATED PARTIES

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.
The Company has identified its directors and certain senior officers as its key management personnel.

During the year ended December 31, 2023 and 2022, the compensation for directors and key management of the Company was as follows:

Key Management Compensation	For the year ended December 31, 2023	For the period ended December 31, 2022
	$	**$**
Management salaries	209,000	-
Director fees	30,000	-
Exploration professional services	304,000	-
Stock-based compensation	242,360	-
Total	**785,360**	**-**

As at December 31, 2023, the Company owed consulting fees to two directors of the Company, for a total of $40,000. Amounts are unsecured, non-interest bearing and due on demand.

On September 12, 2023, a total of 1,500,000 stock options were granted to directors of the Company.

During the year ended December 31, 2023 and 2022, the following related parties participated in the private placements of the Company. This table excludes their participation in founders' shares.

	For the year 2023			
	Common Shares #	$ value	Units #	$ value
Directors	200,000	$ 20,000	1,400,000	$ 350,000
Management	-	$ -	1,000,000	$ 250,000
Total from related parties	**200,000**	**$ 20,000**	**2,400,000**	**$ 600,000**

	For the year 2022	
	Common Shares #	$ value
Directors	2,000,000	$ 200,000
Management	2,000,000	$ 200,000
Total from related parties	**4,000,000**	**$ 400,000**

(Expressed in Canadian dollars)

11. SHARE CAPITAL

a) Authorized

An unlimited amount of common shares with no par value.

b) Shares - Issued and outstanding

	For the year ended December 31, 2023		For the period ended December 31, 2022	
	Number of Shares (#)	Value ($)	Number of Shares (#)	Value ($)
Balance, beginning of period	**53,000,100**	**1,331,842**	-	-
Issued on incorporation	-	-	100	1
Issued pursuant to founders round financing	-	-	40,000,000	40,000
Issued pursuant to private placement financing (tranche 1)	-	-	13,000,000	1,300,000
Issued pursuant to private placement financing (tranche 2)	**14,550,000**	**1,455,000**	-	-
Issued pursuant to private placement financing (tranche 3)	**450,000**	**45,000**	-	-
Shares purchased for cancellation	**(100)**	**(1)**	-	-
Issued pursuant to Subscription Receipt Financing (Note 5)	**36,450,488**	**7,483,285**	-	-
Issued pursuant to 131 Amalgamation (Note 5)	**5,000,000**	**1,050,000**	-	-
Issued pursuant to 131 Amalgamation (Note 5)	**50,000**	**12,500**	-	-
Share issue costs	-	**(955,061)**	-	(8,159)
Balance, end of period	**109,500,488**	**10,422,565**	53,000,100	1,331,842

On incorporation, 100 common shares of the Company were issued at a price per share of $0.01. These shares were purchased for cancellation on April 18, 2023.

On December 23, 2022, an aggregate of 40,000,000 founders' shares were issued for gross proceeds of $40,000 received as services rendered related to the incorporation, organization and financing of the Company. The amount paid for regulatory and legal costs was $1,214.

On December 28, 2022, the Company closed the first tranche of a non-brokered private placement of 13,000,000 common shares of the Company at a price of $0.10 per common share (the “Private Placement”) for gross proceeds of $1,300,000. The amount paid for regulatory and legal costs was $6,945. All subscribers of the Private Placement were existing shareholders of the Company holding founders’ shares.

On February 13, 2023, the Company closed the second tranche of the Private Placement for gross proceeds of $1,455,000 through issuance of an aggregate of 14,550,000 shares at a price per share of $0.10. The amount paid for regulatory and legal costs was $28,009.

On March 1, 2023, the Company closed the third tranche of the Private Placement for gross proceeds of $45,000 through issuance of an aggregate of 450,000 shares at a price per share of $0.10. The amount paid for regulatory and legal costs was $8,497.

As of December 31, 2023, the Company had 109,500,488 common shares outstanding (December 31, 2022 – 53,000,100).

(Expressed in Canadian dollars)

c) Warrants

As at December 31, 2023, the following warrants were outstanding:

Warrants	Grant Date	Expiry Date	Outstanding (#)	Exercise Price ($)	Remaining Life (years)
Resulting Issuer Warrants	September 1, 2023	September 1, 2026	18,225,244	0.40	2.67
Resulting Issuer Broker Warrant*	September 1, 2023	September 1, 2026	1,838,676	0.25	2.67
			20,063,920	0.39	2.67

* Exercisable into a Broker Warrant Unit, which is comprised of one share and one-half warrant of which the whole warrant is exercisable at $0.40 until September 1, 2026.

d) Stock-based compensation

Stock Options

The Company has a stock option plan in place under which it is authorized to grant options to directors, executive officers, management, employees, and consultants. The maximum number of common shares reserved for issuance with respect to the stock option plan cannot exceed 10% of the issued and outstanding common shares of the Company at the date of grant.

On September 12, 2023, the Company granted a total of 3,950,000 stock options to directors, advisors and management of the Company. From those, 1,500,000 were granted to directors of the Company. Each stock option entitles the holder to acquire one common share of the Company at an exercise price of $0.25. All the options will vest on September 12, 2024 and will expire in five years.

The stock option fair value of $568,800 was determined using a Black-Scholes pricing model which included an expected volatility of 87.95% based on the volatility of comparable companies, a risk-free interest rate of 4.81%, share price of $0.21, an estimated life of 5 years and an expected dividend yield of 0%. As at December 31, 2023 a total of $171,419 has been recognized as stock-based compensation expense.

The table summarizes the stock options activity during the years ended December 31, 2023 and 2022.

	Number of Options	Weighted Average Exercise Price
Balance – December 31, 2021 and 2022	**-**	**$0.00**
Granted	3,950,000	0.25
Balance – December 31, 2023	**3,950,000**	**$0.25**

The table summarizes information about the stock options outstanding as at December 31, 2023.

Grant date	Expiry Date	Issued Number of Options	Exercisable Number of Options	Exercise Price ($)	Remaining life (years)
September 12, 2023	September 12, 2028	3,950,000	-	0.25	4.70

Restricted Stock Units ("RSUs")

The RSUs plan is a compensation program designed to reward eligible participants for their services rendered to the Company. RSUs are awarded at the discretion of the Board of Directors, with each unit representing the right to receive payment equivalent to the value of one Common Share of the Company, subject to specified conditions and restrictions. These conditions often include continued employment or engagement with the Company or its subsidiaries. The RSUs award is not subject to the attainment of performance objectives.

(Expressed in Canadian dollars)

Unless otherwise set forth in the RSU Agreement, RSUs vest over three years in equal instalments. Upon vesting, participants have the option to receive settlement in the form of Common Shares, their cash equivalent, or a combination thereof. The RSU Plan aims to align the interests of participants with the long-term performance and success of the Company while providing a mechanism for incentivizing and retaining key talent.

On September 12, 2023, the Company granted 5,500,000 RSUs to officers and directors of the Company vesting over three years in equal instalments. As the RSUs may be settled in cash to an amount equal to that which would be settled in equity, the fair value of $1,155,000 was determined at a share price of $0.21 per RSU on the grant date. As at December 31, 2023, the fair value of $962,500 was determined at the latest closing share price of $0.175.

	Number of RSU's	Estimated Fair Value per RSU	Estimated Fair Value ($)
Balance – December 31, 2021 and 2022	**-**	**$0.00**	**$ -**
Granted	5,500,000	0.21	1,155,000
Balance – December 31, 2023	**5,500,000**	**$0.18**	**$ 962,500**

As at December 31, 2023 a total of $177,264 has been recognized as stock-based compensation expense and recognized as a liability.

The table summarizes information about the RSU's outstanding as at December 31, 2023.There are no vested RSUs.

Grant date	Vesting Date	Number of RSU's	Estimated Fair Value per RSU	Estimated Fair Value ($)	TIme to vest (years)
September 12, 2023	September 11, 2024	1,833,333	$ 0.18	$ 320,833	0.70
September 12, 2023	September 11, 2025	1,833,333	$ 0.18	$ 320,833	1.70
September 12, 2023	September 11, 2026	1,833,334	$ 0.18	$ 320,834	2.70
		5,500,000	**$ 0.18**	**$ 962,500**	**1.70**

12. BASIC AND DILUTED LOSS PER SHARE

For the year ended December 31, 2023, the outstanding 20,063,920 warrants, exercisable into 20,983,258 common shares, 3,950,000 stock options and 5,500,000 RSUs were excluded from the computation of diluted loss per share, since the effect of conversion of these warrants, stock options and RSUs would have been anti-dilutive.

13. MANAGEMENT OF CAPITAL

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company is reasonable. There were no significant changes in the Company's approach to capital management during the period.

14. FINANCIAL INSTRUMENTS AND RISK FACTORS

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the reporting date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company carried RSU liabilities at fair market value using Level 1 inputs.

As at December 31, 2023 and 2022, carrying amounts of cash, other current assets, and trade and other payables on the statement of financial position approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

<u>Credit risk</u>
Credit risk is the risk of potential loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company’s credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

<u>Liquidity risk</u>

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its obligations when due. As at December 31, 2023, the Company had working capital of $3,821,202 (December 31, 2022 deficiency of $732,136). As at December 31, 2023, the Company had cash and cash equivalents of $3,419,835 (December 31, 2022 - $304,338) available to settle current liabilities of $446,593 (December 31, 2022 - $1,041,147). All of the Company’s accounts payable included in the “Trade and other payables” balance have contractual maturities of less than 60 days.

The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 13. The Company monitors its ability to meet its short-term administrative expenditures by raising additional funds through share issuances when required.

<u>Market risk</u>
The Company is exposed to the following market risks:

Interest rate risk
The Company’s treasury is exposed to interest rate risk, which could have an adverse effect on financial results and cash flows. Management considers the interest rate risk is not significant.

Foreign exchange risk
The Company’s functional currency is the Canadian dollar and certain of the Company’s expenses are denominated in US$ and EUR, therefore subject to gains or losses due to fluctuations in these currencies. As at December 31, 2023 and 2022, the Company’s exposure to foreign currency risk with respect to amounts denominated in US$ and EUR is as follows:

The following monetary assets and liabilities were denominated in US$ as at December 31,	2023	2022
	$	$
Cash	10,806	-
Trade and other payables	(34,224)	-
Net exposure	**(23,418)**	**-**

The following monetary assets and liabilities were denominated in EUR as at December 31,	2023	2022
	€	€
Cash	459,512	3,000
Sales tax recoverable	20,941	-
Trade and other payables	(21,977)	-
Net exposure	**458,476**	**3,000**

The Company believes that a 10% strengthening of the Canadian dollar against the US$ and EUR at December 31, 2023 would have increased the net asset position of the Company by $65,423 (December 31, 2022 – $434). A 10% weakening of the Canadian dollar against the same currencies would have had the opposite effect by the same amount.

15. COMMITMENTS AND CONTINGENCIES

Title
Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has a 100% interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, and non-compliance with regulatory, environmental and social requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

Environmental
The Company’s exploration and evaluation activities and projects are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Service costs and consulting agreements
The Company is party to certain management contracts. As at December 31, 2023, these contracts contain minimum commitments of approximately $1.95 million for contract terminations. As a trigger event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

(Expressed in Canadian dollars)

16. INCOME TAXES

a) Provision for Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2022 – 26.5%) to the effective tax rate is as follows:

	2023 $	2022 $
(Loss) before income taxes	(5,409,308)	(2,921,121)
Expected income tax recovery based on statutory rate	(1,433,000)	(774,097)
Adjustment to expected income tax recovery:		
Share based compensation	92,000	-
Expenses not deductible for tax purposes	675,000	-
Other	(4,000)	-
Change in benefit of tax assets not recognized	670,000	774,097
Deferred income tax provision (recovery)	-	-

b) Deferred Income Tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

	2023 $	2022 $
Unrecognized deferred tax assets		
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Non-capital loss carry-forwards	2,533,000	69,947
Share issue costs	766,000	8,159
Mineral property costs	277,000	-
Other temporary differences	10,000	-
Total	3,586,000	78,106

The tax losses expire from 2041 to 2043. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

17. SUBSEQUENT EVENTS

Business Combination Agreement

On March 19, 2024, the Company entered into a business combination agreement with Strategic Minerals Europe Corp. (“Strategic Minerals”) pursuant to which the Company is expected to acquire all of the issued and outstanding common shares in the capital of Strategic Minerals (the “Proposed Transaction”). Strategic Minerals’ wholly owned subsidiary, Strategic Minerals Spain, S.L., produces, identifies, explores for, and develops mineral resource properties in Spain. The Company and Strategic Minerals are working towards closing the Proposed Transaction on or about June 15, 2024. Upon completion of the Proposed Transaction, it is expected that Strategic Minerals will be delisted from Cboe Canada and will apply to cease to be a reporting issuer under applicable securities laws in Canada.

If the Proposed Transaction is not completed under certain circumstances, a payment is to be made by Strategic Minerals in the amount of €1,000,000. The Proposed Transaction is subject to certain regulatory and shareholder approvals and processes. There can be no assurance the Proposed Transaction will be completed as described or at all.

Amiudal Claim
On February 2, 2024, the local community of Amiudal, that owns a portion of the lands occupied by the Alberta II Permit, filed a claim ("Recurso de Reposición") against the Xunta de Galicia for granting the extension of the Alberta II Permit, arguing that the extension was invalid as, (i) the permit was lapsed before the extension was granted and, therefore, could not be extended and (ii) the extension covered more minerals than those originally requested by Strategic Minerals (the "Amiudal Claim").

On February 26, 2024, Strategic, in coordination with ILS, filed a response against the Amiudal Claim (Alegaciones).