STRATEGIC RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023

TSX-V: SR

www.strategic-res.com

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

Strategic Resources Inc.
Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2024 and June 30, 2023
(Unaudited)
(expressed in thousands of Canadian dollars)

	Notes	March 31, 2024	June 30, 2023
ASSETS			
Current			
Cash		**2,287**	6,619
Short-term investment	*6*	**1,050**	-
Restricted investments	*7*	**10,647**	10,647
Receivables	*8*	**1,289**	350
Prepaid expenses and advances		**246**	364
		15,519	17,980
Non-current			
Environmental deposits		**-**	40
Restricted investments	*7*	**5,562**	5,562
Exploration and evaluation assets	*9*	**6,721**	6,716
Property, plant, and equipment	*10*	**150,607**	149,618
		162,890	161,936
		178,409	179,916
LIABILITIES			
Current			
Payables and accrued liabilities	*11*	**11,610**	10,232
Lease obligation	*12*	**606**	606
Restricted share unit liability	*13c*	**1,530**	2,132
		13,746	12,970
Non-current			
Lease obligation	*12*	**17,592**	16,236
Restricted share unit liability	*13c*	-	1,066
Deferred mining taxes		**5,560**	5,560
Asset retirement obligations		**1,112**	1,086
		24,264	23,948
		38,010	36,918
EQUITY (DEFICIENCY)			
Share capital	*13a*	**231,907**	231,533
Contributed surplus		**20,000**	17,985
Accumulated other comprehensive loss		**(5)**	(7)
Deficit		**(111,503)**	(106,513)
		140,399	142,998
		178,409	179,916

Nature of operations *(Note 1)*
Going concern *(Note 2)*
Commitments (*Note 16*)

ON BEHALF OF THE BOARD:

"Sean Cleary", Director & Chief Executive Officer

"Amyot Choquette", Director

– See accompanying notes –

Strategic Resources Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three-month and nine-month periods ended March 31, 2024 and 2023

(Unaudited)

(expressed in thousands of Canadian dollars, except for loss per share and weighted average number of shares outstanding)

		For the three-month periods ended March 31		For the nine-month periods ended March 31	
	Notes	**2024**	2023	**2024**	2023
Expenses					
General and administrative		**344**	206	**785**	669
Salaries, benefits, and directors' fees		**228**	223	**869**	563
Professional fees		**354**	356	**1,134**	839
Restructuring fees		–	-	**2**	45
Depreciation and amortization		–	–	–	1
Share-based compensation	*13c, d*	**709**	973	**2,988**	2,918
Loss before other income (expenses)		**(1,635)**	(1,758)	**(5,778)**	(5,035)
Other income (expenses)					
Finance expenses, net	*15*	**(93)**	(243)	**(194)**	(759)
Foreign exchange gain (loss)		–	1	–	(1)
Change in fair value of restricted share unit liability	*13c*	**114**	(204)	**982**	(798)
Stakeholder support		–	–	–	(4,603)
Reverse acquisition of Strategic		–	(20,627)	–	(20,627)
Loss on disposal of property, plant and equipment		–	(1)	–	(2)
		21	(21,074)	**788**	(26,790)
Loss before taxes		**(1,614)**	(22,832)	**(4,990)**	(31,825)
Income and mining tax expense		–	(20)	–	(20)
Net loss for the period		**(1,614)**	(22,852)	**(4,990)**	(31,845)
Items that may be reclassified subsequently to profit or loss:					
Exchange difference on translation of foreign operations		**(1)**	-	**2**	-
Comprehensive loss for the period		**(1,615)**	(22,852)	**(4,988)**	(31,845)
Basic and diluted loss per share		**(0.03)**	(0.50)	**(0.08)**	(0.71)
Weighted average number of common shares outstanding		**59,027,995**	45,724,421	**59,027,268**	44,684,839

– See accompanying notes –

Strategic Resources Inc.

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)

For the nine-month periods ended March 31, 2024 and 2023

(Unaudited)

(expressed in thousands of Canadian dollars, except for number of shares)

	Share capital					
	Number of shares	Amount	Contributed surplus	Other comprehensive (loss) income	Deficit	Total
Balance at June 30, 2022	44,042,913*	187,045	17,319	–	(76,144)	128,220
Shares issued for stakeholder support	1,534,494*	4,603	–	–	–	4,603
Conversion of long-term debt with shareholders	1,089,259*	3,349	–	–	–	3,349
Private placement – subscription receipts	4,500,000	13,500	–	–	–	13,500
Private placement – convertible debentures	169,772	509	–	–	–	509
Share issue costs	–	(473)	–	–	–	(473)
Effect of reverse acquisition	7,472,160	22,417	807	–	–	23,224
Net loss and comprehensive loss for the period	–	–	–	–	(31,845)	(31,845)
Balance at March 31, 2023	**58,808,598**	**230,950**	**18,126**	**–**	**(107,989)**	**141,087**
Balance at June 30, 2023	58,827,995	231,533	17,985	(7)	(106,513)	142,998
Settlement of restricted share unit (Note 13a)	200,000	374	–	–	–	374
Share-based compensation (Note 13d)	–	–	2,015	–	–	2,015
Net loss for the period	–	–	–	–	(4,990)	(4,990)
Foreign currency translation adjustment	–	–	–	2	–	2
Balance at March 31, 2024	**59,027,995**	**231,907**	**20,000**	**(5)**	**(111,503)**	**140,399**

* On March 31, 2023, the common shares of BlackRock Metals Inc. were exchanged on a 1:0.001 basis (the "Share Exchange") and they were consolidated on a 6:1 basis (the "Share Consolidation"). The Share Exchange and the Share Consolidation are reflected retrospectively in these consolidated financial statements (see Note 1).

Strategic Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the nine-month periods ended March 31, 2024 and 2023
(Unaudited)
(expressed in thousands of Canadian dollars)

		For the nine-month periods ended	
Cash flow provided by (used in)	**Notes**	**March 31, 2024**	March 31, 2023
Operating activities			
Net loss for the period		**(4,990)**	(31,845)
Items not affecting cash			
Depreciation and amortization		**-**	1
Loss on disposal of property, plant and equipment		**-**	2
Change in fair value of restricted share unit liability	*13c*	**(982)**	798
Interest expense	*15*	**852**	930
Finance income	*15*	**(796)**	(317)
Share-based compensation	*13c, d*	**2,988**	2,918
Stakeholder support		**-**	4,603
Reverse acquisition of Strategic		**-**	20,627
Changes in non-cash working capital			
(Increase) decrease in receivables		**(861)**	50
Decrease (increase) in prepaid expenses and advances		**118**	(20)
Increase (decrease) in payables and accrued liabilities		**1,377**	(1,772)
Settlement of restricted share unit liability		**(1,285)**	-
Cash used in operating activities		**(3,579)**	(4,025)
Interest received		**718**	139
Net cash used in operating activities		**(2,861)**	(3,886)
Investing activities			
Acquisition of property, plant, and equipment	*10*	**(353)**	(311)
Additions to exploration and evaluation assets	*9*	**(3)**	-
Refund of environmental deposits		**40**	-
Addition to short-term investment		**(1,050)**	-
Net cash used in investing activities		**(1,366)**	(311)
Financing activities			
Proceeds from issuance of receipts and convertible debentures from private placement		**-**	14,009
Share issue costs on private placement		**-**	(473)
Proceeds from issuance of long-term debt with shareholders		**-**	1,500
Repayment of lease obligations		**(106)**	(101)
Net cash (used in) provided by investing activities		**(106)**	14,935
Net decrease in cash		**(4,333)**	10,738
Effect of foreign exchange rate changes on cash		**1**	-
Cash – beginning of period		**6,619**	2,107
Cash – end of period		**2,287**	12,845
Non-cash transaction:			
Settlement of restricted share unit by shares		**374**	-

1. Nature of operations

Strategic Resources Inc. ("Strategic" or the "Company") is a publicly listed company incorporated under the Ontario Business Corporations Act on October 25, 2004 and continued under the British Columbia Business Corporations Act on June 7, 2016. The Company is listed on the TSX-Venture Exchange ("TSXV"), having the symbol SR.V.

On March 31, 2023, the Company completed a reverse takeover transaction (the "RTO"), pursuant to a Share Exchange Agreement dated December 13, 2022 between Strategic and BlackRock Metals Inc. ("BlackRock"). Pursuant to the RTO, Strategic acquired all of the outstanding shares in BlackRock in exchange for 280,000,000 pre-consolidation shares of Strategic. Upon completion of the RTO, the shareholders of BlackRock controlled Strategic and accordingly, the transaction was accounted for as a reverse acquisition of Strategic by BlackRock and BlackRock was identified as the accounting acquirer. The historical operations of BlackRock are included as the comparative figures for the period ended March 31, 2024, which is deemed to be the continuing entity for financial reporting purposes.

Strategic is now a high purity metallic iron and critical minerals company with assets in two world class mining jurisdictions. The Company is in the development stage of its mining property located in Chibougamau, Québec and its metallurgical plant located in Saguenay, Québec. The Company also holds a vanadium project in Finland. The Company is focused on providing the highest purity metallic iron on the market to be utilized in the decarbonizing efforts of the foundry and steel producers in North America and Europe. The Company's headquarters are located at 1155 Metcalfe Street, Suite 1539, Montréal, Québec, Canada and its activities are conducted in Canada and Finland.

Based on initial discussions and feedback with industry participants, the Company has decided to prioritize the construction of a four million tonne per annum iron ore pellet plant at Port Saguenay.

2. Going concern

The accompanying condensed interim consolidated financial statements have been prepared using accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to 12 months from the end of the reporting period.

The Company does not derive any revenue from the development and exploration of its mining property. The development of mineral deposits involves significant financial risks. The success of the Company will depend on a number of factors including development, construction, extraction risks and regulatory issues, environmental and other regulations and generating sufficient financing to finalize the plant and mine under construction.

The Company's ability to continue as a going concern is dependent upon the confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of the plant and mine, and future profitable production.

As at March 31, 2024, the Company had working capital (current assets less current liabilities) of $1,773 (June 30, 2023 - $5,010), shareholders' equity of $140,399 (June 30, 2023 - $142,998) and had incurred a net loss and negative cash flow from operations of $4,990 and $2,861, respectively for the nine-month period then ended.

2. Going concern (continued)

Management estimates that the current funds will not be sufficient to meet the Company's obligations and commitments and to complete the development of its project. Also, Hydro-Québec will draw on the funds pledged for letters of credit as the Company has decided to release its old electrical contracts and to prioritize the development of an iron ore pellet plant for its first phase of operations. The iron ore pellet plant will require substantially less electricity and the Company intends to obtain a revised electricity contract as part of the construction timeline. In April 2024, BlackRock received a net cash refund of $881, representing the difference between the letters of credit and costs incurred by Hydro-Québec for the contracts. (Note 16).

The Company's business plan is dependent on raising additional funds to finance operations within and beyond the next 12 months. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, project development, and amounts realized for assets might be less than amounts reflected in these condensed interim consolidated financial statements.

To date, the Company has been able to finance its operations through proceeds from the issuance of long-term debt and equity financing.

The conditions and uncertainties described above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and asset and liability classifications that would be necessary were the going concern assumption not appropriate. These adjustments could be material.

3. Summary of significant accounting policies

a) Basis of preparation

The Company prepares its condensed interim consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2023, prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies adopted in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited financial statements for the year ended June 30, 2023.

The Board of Directors approved these condensed interim consolidated financial statements and authorized their publication on May 27, 2024.

3. Summary of significant accounting policies (continued)

b) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. The Company reassesses control on an ongoing basis. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. These condensed interim consolidated financial statements include the accounts of the Company and of its wholly-owned subsidiaries (the "Group") as follows:

Subsidiary	Domicile and country of incorporation
BlackRock Metals Inc.	Canada
BlackRock Mining Inc.	Canada
BRM Metals GP Inc.	Canada
BlackRock Metals L.P.	Canada
Strategic Resources (Finland) Inc.	Canada
Strategic Resources (Peru) Inc.	Canada
Strategic Explorations Oy	Finland

Transactions eliminated between the Company and its subsidiaries

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, have been eliminated in preparing these condensed interim consolidated financial statements.

c) Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis, except for:

- lease liabilities, which are initially measured at the present value of lease payments not paid at the commencement date in accordance with IFRS 16, Leases;
- asset retirement obligations which are measured at the present value of the expected expenditures to settle the obligation; and
- liabilities for cash-settled share-based payment arrangements which are measured at fair value, and equity-classified share-based payment arrangements which are measured at fair value at grant date pursuant to IFRS 2, Share-based Payment.

3. Summary of significant accounting policies (continued)

d) Presentation currency and foreign currencies translation

Management determined that the functional currency for all companies of the Group is the Canadian dollar except for the functional currency for its Finnish subsidiary which is the Euro. The Company's condensed interim consolidated financial statements are presented in Canadian dollars. Functional currencies of the Company's individual entities represent the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies are translated to the functional currency of each individual entity at exchange rates at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

In preparing the Company's condensed interim consolidated financial statements, the financial statements of each entity are translated into Canadian dollars. The assets and liabilities of foreign operations are translated into Canadian dollars at exchange rates at the statement of financial position date. Revenues and expenses of foreign operations are translated into Canadian dollars using foreign exchange rates that approximate those on the date of the underlying transaction. Foreign exchange differences are recognized in other comprehensive loss.

If the Company or any of its subsidiaries dispose of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the accumulated foreign currency translation gains or losses related to the foreign operation are recognized in net loss.

4. New accounting policies

Adoption of new accounting standard by the Company:

Amendments to IAS 12, *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

In May 2021, the IASB issued amendments to IAS 12 - Income Taxes. The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments typically apply to transactions such as leases for the lessee and decommissioning and restoration obligations related to assets in operation. The Company adopted these new amendments on July 1, 2023, and they did not have a material impact on its interim consolidated financial statements.

4. New accounting policies (continued)

New accounting standard not yet adopted by the Company:

The following new standard and interpretation is not yet effective and has not been applied in preparing these condensed interim consolidated financial statements. Management believes that other new IFRS accounting standards not yet effective do not have a material impact on the Company's present or near future consolidated financial statements.

Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements (the 2020 amendments), to clarify the classification of liabilities as current or non-current. On October 31, 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)* (the 2022 amendments), to improve the information a company provides about long-term debt with covenants.

For the purposes of non-current classification, a right to defer settlement or roll over of a liability must exist at the end of the reporting period and have substance. The Amendments reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. The Amendments also clarify how a company classifies a liability that includes a counterparty conversion option.

Both amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted. The Company is currently evaluating the impact of these amendments on its consolidated financial statements and will apply the amendments from the effective date.

5. Use of critical accounting estimates and judgments

a) Use of judgments

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about additional critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements includes:

Exploration and evaluation assets: The application of the accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that such acquisition costs incurred will be recovered through successful exploration and development or sale of the asset under review. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available.

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

5. Use of critical accounting estimates and judgments (continued)

b) Significant accounting estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are disclosed in the Company's audited financial statements for the year ended June 30, 2023.

6. Short-term investment

As at March 31, 2024, short-term investment consisted of a Guaranteed Investment Certificate issued by a Canadian bank, with an interest rate of 5.20% and maturity date of January 31, 2025, which was redeemable after 30 days.

7. Restricted investments

	March 31, 2024	June 30, 2023
Guaranteed Investment Certificates	**16,209**	16,209
Non-current portion of restricted investments	**5,562**	5,562
Current portion of restricted investments	**10,647**	10,647

As at March 31, 2024, restricted investments consist of Guaranteed Investment Certificates (''GICs'') issued by Canadian banks, with an average interest rate of 3.67% (June 30, 2023 – 5.12 %) with maturity dates ranging between April 2024 and December 2024. These investments are held as collateral for letters of credit issued in favor of Hydro-Québec, provincial authorities and Energir L.P.

The letters of credit issued to Hydro-Québec can be used at any time to cover amounts owed under the contribution agreement for liabilities related to missing the deemed completion date and therefore the related collaterals have been presented as current assets on March 31, 2024 (Note 16).

The letters of credits issued to provincial authorities amounting to $1,289 will be used to cover the asset retirement obligations that are recorded as long term, accordingly the related collaterals have been presented as non-current assets on March 31, 2024.

The letter of credit issued to Energir L.P. amounting to $4,273 has been provided as a financial guarantee to Energir L.P. to secure the supply of natural gas required in the future for the metallurgical facility. Energir L.P. has not started any such work and therefore the related collateral has been presented as non-current asset on March 31, 2024.

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

8. Receivables

	March 31, 2024	June 30, 2023
Sales tax receivable	**1,033**	172
Interest receivable	**256**	178
	1,289	350

9. Exploration and evaluation assets and expenditures

(a) Exploration and evaluation assets

At March 31, 2024, Strategic holds one vanadium project in Finland. The carrying value of the project is summarized below:

	Mustavaara
Balance at June 30, 2023	6,716
Additions	3
Foreign exchange adjustments	2
Balance at March 31, 2024	**6,721**

Mustavaara Project ("Mustavaara")

In February 2020, Strategic successfully applied for mineral reservations over the Mustavaara mine area in Finland and signed a definitive agreement with the bankruptcy estate of Ferrovan Oy ("Ferrovan") to acquire all of the intellectual property, core samples and storage facilities associated with Mustavaara.

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

10. Property, plant and equipment

	Office equipment	Right-of-use assets	Metallurgical plant under construction	Mine under construction	Mineral property in development	Total
Cost as of June 30, 2023	674	13,778	67,073	40,816	29,394	151,735
Additions	–	–	290	63	–	353
Lease modification	–	636	–	–	–	636
Capitalized amortization	–	–	272	–	–	272
Cost as of March 31, 2024	674	14,414	67,635	40,879	29,394	152,996
Accumulated amortization as of June 30, 2023	674	1,443	–	–	–	2,117
Depreciation and amortization	–	272	–	–	–	272
Accumulated amortization as of March 31, 2024	674	1,715	–	–	–	2,389
Net book value as of March 31, 2024	**–**	**12,699**	**67,635**	**40,879**	**29,394**	**150,607**

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

11. Payables and accrued liabilities

	March 31, 2024	June 30, 2023
Payables	**9,917**	114
Accrued liabilities	**1,693**	10,118
	11,610	10,232

12. Lease obligation

	March 31, 2024	**June 30, 2023**
Balance, beginning of period	**16,842**	**15,645**
Adjustment on lease modifications	**636**	**372**
Interest on lease obligation at the effective interest rate of 6.45%	**826**	**1,028**
Repayments	**(106)**	**(203)**
	18,198	**16,842**
Current portion of lease obligation	**606**	**606**
Lease obligation	**17,592**	**16,236**

The lease obligation relates to a lease agreement signed on October 19, 2018 with Développements Port Saguenay Inc., a subsidiary of the Saguenay Port Authority, for the lease of industrial land in view of the construction of the metallurgical complex to be built.

The lease contract, for a total area of 182,000 square meters, has a duration of 39 years and 11 months. BlackRock pays a reduced monthly rent during the construction period, which ends on October 18, 2024 as per the lease contract.

The following table presents an analysis of the contractual undiscounted cash flows from Lease obligation:

	March 31, 2024
Less than one year	**1,008**
One to five years	**4,236**
More than five years	**44,141**
Total undiscounted Lease obligation	**49,385**

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

13. Share capital

a) Authorized and issued share capital

The authorized share capital is an unlimited number of common shares without par value.

Issued shares are as follows and are fully paid:

	Number of shares	Amount
Balance, June 30, 2023	58,827,995	231,533
Shares issued on settlement of RSUs	200,000	374
Balance, March 31, 2024	59,027,995	231,907

On July 1, 2023, the Company issued 200,000 common shares as part settlement of the RSUs for a value of $374.

b) Share Option, Deferred share units (“DSU”) and Restricted share units (“RSU”) Plans

The Company’s Board adopted a 10% rolling share option plan (“SO Plan”) to comply with the TSXV’s updated policy regarding equity compensation plans. In addition, the Company’s Board concurrently adopted a RSU/DSU Plan to allow for the issuance of restricted share units (“RSUs”) and deferred share units (“DSUs”).

The Board of the Company intends to grant share purchase options under the SO Plan, and to grant RSU or DSU awards under the RSU/DSU Plan to provide incentives to directors, officers, employees and consultants of the Company and its subsidiaries. In determining the number of incentives to be granted to each person, the Company will take into account (i) the level of responsibility of the person, (ii) his or her impact or contribution to the longer-term operating performance of the Company, (iii) the number of incentives if any, previously granted to each person, and (iv) the exercise price or vesting criteria of any outstanding incentives to ensure that the interests of the individuals are closely aligned with the interests of shareholders.

The maximum number of shares which may be reserved for issuance of all share options under the SO Plan and all awards under the RSU/DSU Plan, collectively, will be 10% of the issued and outstanding shares of the Company, from time to time. The SO Plan and the RSU/DSU Plan also provide that the maximum number of common shares which may be reserved for issuance to any individual may not exceed 5% of the outstanding common shares at the time of vesting.

The term and exercise price of the options will be determined by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of ten years and the exercise price shall not be less than the minimum price of options permitted by the TSXV.

Unless otherwise indicated upon grant, DSUs and RSUs shall not vest within the first anniversary of the grant date. Upon vesting, DSUs shall be settled as soon as reasonably practicable following retirement, death or the participant ceasing to be employed, and in any event within 30 days. Upon vesting, RSUs shall be settled as soon as reasonably practicable, and in any event within 30 days.

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

13. Share capital (continued)

b) Share Option, Deferred share units ("DSU") and Restricted share units ("RSU") Plans (continued)

In order to settle a vested unit, the Company shall, at the discretion of the holder, (i) issue one common share of the Company or (ii) pay an amount in cash equal to the fair value of one common share of the Company or (iii) perform a combination of (i) and (ii).

c) DSU and RSU

The following table summarizes the information related to the RSUs of the Company for the nine-month period ended March 31, 2024:

	Number of RSUs	Share-based compensation	Carrying value of RSU liability
As at June 30, 2023	2,256,609		$ 3,198
Fair value expense	-	$ 973	973
Settled / paid	(1,128,305)		(1,659)
Change in fair value			(982)
As at March 31, 2024	**1,128,304**		**$ 1,530**

As at March 31, 2024, the Company had the following RSUs outstanding:

Number of RSUs	Vesting date
1,128,304	July 1, 2024
1,128,304	

On March 31, 2024, the Company had 1,128,304 RSUs outstanding to employees and directors. For the three-month and nine-month ended March 31, 2024, the Company recorded share-based payment expense of $325 and $973 respectively (March 31, 2023 - $973 and $2,918 respectively). As at March 31, 2024, the fair value of the RSUs are classified as liabilities as they can be settled either in cash or shares at the option of the holder and have been revalued at $1,530, with a gain on fair value of $982 (March 31, 2023 – loss on fair value of $798) recognized in the condensed interim consolidated statement of loss for the nine-month ended March 31, 2024. On July 1, 2023, 1,128,305 RSUs vested and were settled for $2,132.

d) Share options

Share options and weighted average exercise prices are as follows for the period ended March 31, 2024:

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

13. Share capital (continued)

d) Share options (continued)

	Period ended March 31, 2024	
	Number of options	**Weighted average exercise price**
Outstanding, beginning of year	**308,333**	1.98
Granted	**3,000,000**	1.45
Options exercised	**-**	-
Options expired	**(8,333)**	2.10
Outstanding, end of year	**3,300,000**	1.50

The Company has the following outstanding share options as at March 31, 2024:

Options outstanding				Options exercisable	
Number of options	**Expiry date**	**Weighted average life (years)**	**Exercise price**	**Number of options**	**Exercise price**
3,000,000	August 4, 2028	4.35	$ 1.45	991,671	$ 1.45
75,000	October 21, 2024	0.56	$ 1.50	75,000	$ 1.50
117,500	November 19, 2025	1.64	$ 2.22	117,500	$ 2.22
16,667	April 14, 2026	2.04	$ 1.80	16,667	$ 1.80
90,833	November 16, 2026	2.63	$ 2.10	90,833	$ 2.10
3,300,000		4.11	$ 1.50	1,291,671	$ 1.57

On August 4, 2023, the Company granted 3,000,000 share options under the Company`s share option plan to directors, officers, employees and consultants. Each option entitles the holder to purchase one common share of the Company at a price of $1.45. The options expire on August 4, 2028 and are subject to different vesting provisions.

The Company used the Black-Scholes Option Pricing Model to estimate a fair value of $3,031 for these grants, with the following weighted average assumptions:

Weighted average risk-free interest rate	3.87%
Weighted average expected dividend yield	nil
Weighted average expected share price volatility	90%
Weighted average expected option life in years	5.0 years

For the three-month and nine-month ended March 31, 2024, the Company recorded a share-based payment expense of $384 and $2,015 respectively (March 31, 2023: $nil).

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

14. Related party transactions

Key management includes the Company's directors and all executive officers. Compensation awarded to key management includes:

	Three-month period ended		Nine-month period ended	
	March 31, 2024	March 31, 2023	**March 31, 2024**	March 31, 2023
Management salaries, bonuses and benefits	**217**	138	**703**	538
Share-based compensation	**624**	973	**2,572**	2,918
Consulting fees	**171**	92	**471**	260
	1,012	1,203	**3,746**	3,716

15. Finance expenses, net

	Three-month period ended		Nine-month period ended	
	March 31, 2024	March 31, 2023	**March 31, 2024**	March 31, 2023
Finance income:				
Interest income from cash and investments	**234**	150	**796**	317
Finance expenses:				
Financial costs	**36**	70	**138**	146
Interest expense	**282**	315	**826**	905
Accretion interest	**9**	8	**26**	25
	(327)	(393)	**(990)**	(1,076)
Finance expenses, net	**(93)**	(243)	**(194)**	(759)

16. Commitments

In the normal course of business, the Company enters into contracts that give rise to commitments. The following table summarizes the Group's contractual obligations:

Year ending June 30:	2024	2025	Total
Operating lease payments	6	1	7
Service agreement	13	–	13
	19	**1**	**20**

The Group also entered into contracts which have contractual commitments as follows:

16. Commitments (continued)

Hydro-Québec

Chibougamau

On March 30, 2012, BlackRock entered into a contribution agreement with Hydro-Québec by which Hydro-Québec shall provide electricity at high voltage to supply the new electrical installation located east of Lac Chibougamau with a projected available power of 40MW. The total cost of construction of the power line was estimated at $28,400 of which Hydro-Québec would pay for $9,700 of the total costs, and BlackRock would pay the remaining $18,700. On November 7, 2019, the agreement was temporarily suspended to allow for the rescheduling of the project's construction, with a deemed completion date of September 13, 2020. An amendment signed in October 2021 extended the deemed completion date to June 21, 2022.

The contribution portion of Hydro-Québec is secured by a letter of credit. This letter of credit is to be released over 20 years based on the annual consumption of electricity BlackRock consumes once in operation.

As at March 31, 2024, a letter of credit, renewable every year, of $4,885 (June 30, 2023: $4,885) was issued by a Canadian bank in favor of Hydro-Québec to cover Hydro-Quebec's portion of the cost of construction incurred to date plus applicable taxes. The letter of credit is secured by restricted investments consisting of a Guaranteed Investment Certificate of the same amount (Note 7).

In case the project is not completed, or the consumption of electricity is less than as agreed in the contribution agreement, a portion of or the totality of the $4,885 restricted investment will be payable to Hydro-Quebec. If the project is not completed by the deemed completion date, BlackRock is required to pay for the cumulative construction costs incurred by Hydro-Québec. As a result, given that the initial deemed completion date of September 13, 2020 has passed without being amended, a liability was recorded in the amount of $4,249 (net of taxes) during the year ended June 30, 2021.

On April 14, 2023, Hydro-Québec granted an extension of the deemed completion date to September 30, 2023, prior to which BlackRock was required to submit a letter of resumption which may trigger a new estimate of the capital costs by Hydro-Québec for which BlackRock may be assessed additional construction costs and financial guarantees. BlackRock submitted the letter of resumption.

In December 2023, BlackRock notified Hydro-Québec that it had decided to release its old electrical contracts and to prioritize the development of an iron ore pellet plant for its first phase of operations. The iron ore pellet plant will require substantially less electricity and the Company intends to obtain a revised electricity contract as part of the construction timeline. As a result, Hydro-Québec has invoiced BlackRock for an amount of $5,585 (including taxes). In April 2024, payment was made in full to Hydro-Québec and the letter of credit was cancelled.

Saguenay

On November 14, 2016, BlackRock entered into an agreement with Hydro-Québec by which Hydro-Québec shall provide electricity at high voltage to supply the new metallurgical plant located in Saguenay with projected available power of 85MW. The supply of the 85MW of electricity required for BlackRock's metallurgical plant in the Saguenay Port industrial zone will require the construction of a 9.1Km 161 Kv multiuser transmission line. The total cost of construction of the power line was estimated at $33,300 of which Hydro-Québec, through a contribution agreement, would pay $30,500 of the total cost, and the Company would pay the remaining $2,800.

16. Commitments (continued)

Saguenay (continued)

In 2018, the Port of Saguenay and the Government of Québec agreed to provide the financial guarantees required by Hydro-Québec subject to BlackRock's construction financing being finalized. On September 12, 2019, the agreement was temporarily suspended to allow for the rescheduling of the project's construction.

As at March 31, 2024, a letter of credit, renewable every year, of $5,762 (June 30, 2023: $5,762) was issued by a Canadian bank in favor of Hydro-Québec to cover Hydro-Quebec's portion of the cost of construction to date plus applicable taxes. The letter of credit is secured by restricted investments consisting of a Guaranteed Investment Certificate (''GIC'') of the same amount (Note 7). However, the Port of Saguenay and the Government of Québec have agreed to reimburse the letter of credit when the construction financing will be confirmed. The amended contribution agreement contains a deemed completion date of June 21, 2022. If the project is not completed at that time, BlackRock is required to pay for the cumulative construction costs incurred by Hydro-Québec. As a result, given that the deemed completion date of June 21, 2022 has passed, a liability was recorded in the amount of $5,011 (net of taxes) during the year ended June 30, 2022.

On April 14, 2023, Hydro-Québec granted an extension of the deemed completion date to September 30, 2023, prior to which BlackRock was required to submit a letter of resumption which may trigger a new estimate of the capital costs by Hydro-Québec for which BlackRock may be assessed additional construction costs and financial guarantees. BlackRock submitted the letter of resumption.

In December 2023, BlackRock notified Hydro-Québec that it had decided to release its old electrical contracts and to prioritize the development of an iron ore pellet plant for its first phase of operations. The iron ore pellet plant will require substantially less electricity and the Company intends to obtain a revised electricity contract as part of the construction timeline. As a result, Hydro-Québec has invoiced BlackRock for an amount of $4,181 (including taxes). In April 2024, payment was made in full to Hydro-Québec and the letter of credit was cancelled.

In April 2024, BlackRock received a net cash refund of $881, representing the difference between the letters of credit and costs incurred by Hydro-Québec for the above two projects.

Other commitments

The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are difficult to identify, and their impact and duration are difficult to determine. At the date of approval of these condensed interim consolidated financial statements and to the best knowledge of management, the Company is in conformity with the laws and regulations.

17. Financial instruments and financial risk management objectives and policies

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risk, and foreign currency risk. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Company's Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

17. Financial instruments and financial risk management objectives and policies (continued)

Fair value

The carrying values of cash, short-term investment, receivables, restricted investments and payables and accrued liabilities approximate their fair values as at March 31, 2024 and June 30, 2023 due to their immediate or short-term maturity.

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date. When appropriate, the Company adjusts the valuation models to incorporate a measure of credit risk.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: based on quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: based on inputs which have a significant effect on fair value that are observable, either directly or indirectly from market data; and
- Level 3: based on inputs which have a significant effect on fair value that are not observable from market data.

Fair value information disclosures are not required for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its excess cash in short-term investments with a Canadian chartered bank. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's financial assets.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flows. The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investments included in restricted investments is limited because these investments, although readily convertible into cash, are generally held to maturity. As of March 31, 2024, management estimates that if interest rates had changed by 25 basis points for those funds invested in GICs, assuming all other variables remained constant, the impact on the Company's loss for the nine-month period ended March 31, 2024 would have been negligible.

17. Financial instruments and financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company is not presently generating any cash inflows from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned operating activities as well as its investing and financing activities.

As at March 31, 2024, the Company had current assets of $15,519 to settle current liabilities of $13,746, which include payables and accrued liabilities and other short-term obligations. The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation of capital and liquidity (Note 2).

Foreign exchange risk

The functional currency of the Company and its subsidiaries is the Canadian dollar or Euro. The Group's reporting currency is the Canadian dollar. The carrying amounts of financial assets and financial liabilities denominated in currencies other than the functional currency for each subsidiary are subject to fluctuations in the underlying foreign currency exchange rates. Gains and losses on such items are included as a component of net loss for the year.

The Group is exposed to currency risks arising from fluctuations in foreign exchange rates primarily among the U.S. dollar and Euro and the degree of volatility of these rates. The Group does not use derivative instruments to reduce its exposure to foreign exchange and currency risks. The Group's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

As at March 31, 2024, the Group has cash denominated in US dollars of US$4 (June 30, 2023 – US$17) and in Euro of €48 (June 30, 2023 - €48) and accounts payable denominated in US dollars of US$17 (June 30, 2023 – US$2). The impact of any fluctuations in the above foreign currencies is not expected to have a significant effect on results of operations of the Company.

18. Policies and processes for managing capital

As at March 31, 2024, the capital of the Company consists of shareholders' equity amounting to $140,399. The Company's capital management objectives are (a) to ensure it can continue as a going concern and (b) to maximize the value of its assets and returns to its shareholders. These objectives can be achieved by obtaining sufficient capital to execute its development plan and take the projects to production or obtaining sufficient proceeds from their disposal.

The Company expects that its current capital resources will support its activities for the next 12 months and the Company intends to raise such funds as required in order to advance its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The ability of the Company to arrange such financing in the future will depend on the prevailing capital market conditions and its business performance.

The Company is not subject to any external imposed requirements regarding its capital and there were no changes in its approach to capital management during the period ended March 31, 2024.

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

19. Segment information

Operating segments

The Company determined that it had one operating segment for all its properties.

Geographical segments

The Company's non-current assets by geographical area as at March 31, 2024 and June 30, 2023 are as follows:

March 31, 2024	Canada	Finland	Total
Restricted investments	5,562	–	5,562
Exploration and evaluation assets	–	6,721	6,721
Property, plant and equipment	150,607	–	150,607
Total assets	**156,169**	**6,721**	**162,890**

June 30, 2023	Canada	Finland	Total
Restricted investments	5,562	–	5,562
Environmental deposits	–	40	40
Exploration and evaluation assets	–	6,716	6,716
Property, plant and equipment	149,618	–	149,618
Total assets	**155,180**	**6,756**	**161,936**

20. Contingencies

Claim by terminated former employees

On the completion of the restructuring of BlackRock some employees were terminated on June 2, 2022. Following their termination certain employees filed complaints with the Commission des normes, de l'équité, de la santé et de la sécurité du travail ("CNESST") for dismissals made without good and sufficient cause and have requested unspecified compensation. These complaints have been forwarded to the Administrative Labour Tribunal and a hearing was held in February 2024. The hearing was to determine whether, on a summarily basis, the claims had already been dismissed through the reverse vesting order rendered by the Superior Court on May 31, 2022, pursuant to the Companies Creditors Arrangement Act. The Administrative Tribunal dismissed the Company`s motion. The hearing on the merits of the former employees' claims will be scheduled within the next few months. In addition, these former employees have given notice to the Company requesting additional compensation which, if not received, may result in legal proceedings. No provision has been recorded by the Company in connection with this matter. The Company does not expect the resolution of this matter to have a material adverse effect on the financial position or results of operations of the Company.