STRATEGIC RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

TSX-V: SR

www.strategic-res.com

October 22, 2024

Management Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Company have been prepared by, and are the responsibility of, the management of the Company. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards and reflect management's best estimates and judgment based on currently available information. The Board of Directors meets periodically with management and the Company's independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to the consolidated financial statements being approved by the Board. The Company's independent auditors, KPMG LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements. Management has developed and maintains a system of internal control to provide reasonable assurance that the Company's transactions are authorized, assets safeguarded, and proper records maintained.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Strategic Resources Inc.

Opinion

We have audited the consolidated financial statements of Strategic Resources Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at June 30, 2024 and June 30, 2023
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at June 30, 2024 and June 30, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Entity does not derive any revenue from the development and exploration of its mining properties and has incurred a net loss and negative cash flows from operations for the year ended June 30, 2024. Accordingly, the Entity business plan is dependent on raising additional funds to finance operations within and beyond the next 12 months.

As stated in Note 1 in the consolidated financial statements, these events or conditions, along with other matters as set forth in Note 1 in the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the **"*Material Uncertainty related to Going Concern*"** section of the auditor's report, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of the carrying value of property, plant and equipment

Description of the matter

We draw attention to Notes 4 (b) and 9 to the financial statements. The carrying amount of the Entity's property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indicator exists, the Entity performs an impairment test. Such a test was performed on property, plant and equipment as at June 30, 2024 for two of its cash generating units ("CGU"). One CGU relates to the mineral property in development and related mine under construction, and the other CGU relates to the metallurgical plant under construction.

The impairment test for the mineral property in development and related mine under construction CGU resulted in an impairment charge of $39.5 million. The impairment test for the metallurgical plant under construction CGU resulted in an impairment charge of $33.3 million.

The Entity’s estimate of the recoverable amount for each CGU is determined using the fair value less costs of disposal approach which uses a market approach. The significant assumptions used in determining the recoverable amounts of each CGU were: 1) for the mineral property in development and related mine under construction: mineral reserve and resource estimates and estimated market value per pound of combined resources and reserve, for which the Entity engaged an external expert; 2) for the metallurgical plant under construction: iron ore pellet estimated selling price, total estimated operating costs, estimated capital construction costs, estimated useful life of the pellet plant, discount rate and an applied market multiple, for which the Entity engaged external experts.

Why the matter is a key audit matter

We identified the evaluation of the carrying value of property, plant, and equipment as a key audit matter. This matter represented an area of significant risk of material misstatement as minor changes to certain significant assumptions had a significant effect on the estimated recoverable amount of the cash generating units. As a result, significant auditor judgment was required in evaluating the results of our audit procedures. Further, professionals with specialized skills and knowledge were required to evaluate certain significant assumptions.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

For the mineral property in development and related mine under construction, we:

- Evaluated the Entity’s mineral reserves and resources by reconciling them to the technical report prepared by the Entity’s external experts.
- Assessed the professional competence, experience and objectivity of the Entity’s external experts who prepared the reserve and resource statement, including the industry and regulatory standards they applied.

For the metallurgical plant under construction, we assessed the professional competence, experience and objectivity of the Entity’s external experts.

We involved valuation professionals with specialized skills and knowledge who assisted in evaluating the appropriateness of the Entity’s:

- Combined reserves and resources and estimated market value per pound of combined resources and reserve by comparing these estimates using publicly available third-party sources and data for comparable entities for the mineral property in development and related mine under construction.
- Assumptions including iron ore pellet estimated selling prices, estimated operating costs, estimated useful life of the plant, discount rate and an applied market multiple by comparing these estimates using publicly available third-party sources and data for comparable entities and assessing overall reasonability of the recoverable amount of the net assets of the Entity's CGU by reconciling it to its market capitalization for the metallurgical plant under construction.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Alain Bessette.

KPMG LLP*

Montréal, Canada

October 22, 2024

*CPA auditor, public accountancy permit No. A115894

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

	Notes	June 30, 2024	June 30, 2023
ASSETS			
Current			
Cash		**560**	6,619
Short-term investments	*5*	**2,700**	-
Restricted investments	*6*	**-**	10,647
Receivables	*7*	**681**	350
Prepaid expenses and advances		**441**	364
		4,382	17,980
Non-current			
Environmental deposits		**-**	40
Restricted investments	*6*	**5,562**	5,562
Exploration and evaluation assets	*8*	**6,722**	6,716
Property, plant, and equipment	*9*	**77,018**	149,618
		89,302	161,936
		93,684	179,916
LIABILITIES			
Current			
Payables and accrued liabilities	*10*	**947**	10,232
Lease obligation	*12*	**998**	606
Restricted share unit liability	*14c*	**790**	2,132
		2,735	12,970
Non-current			
Lease obligation	*12*	**16,630**	16,236
Restricted share unit liability	*14c*	**-**	1,066
Deferred mining taxes	*15b*	**766**	5,560
Asset retirement obligations	*13*	**1,039**	1,086
		18,435	23,948
		21,170	36,918
EQUITY (DEFICIENCY)			
Share capital	*14a*	**231,908**	231,533
Contributed surplus		**20,380**	17,985
Accumulated other comprehensive loss		**(4)**	(7)
Deficit		**(179,770)**	(106,513)
		72,514	142,998
		93,684	179,916

Nature of operations and going concern *(Note 1)*
Commitments (*Note 19*)

ON BEHALF OF THE BOARD:

"Sean Cleary", Director & Chief Executive Officer

"Amyot Choquette", Director

Strategic Resources Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended June 30, 2024 and 2023

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

	Notes	For the year ended June 30, 2024	June 30, 2023
Expenses			
General and administrative		**990**	705
Salaries, benefits and directors' fees		**1,083**	1,137
Professional fees		**1,351**	1,633
Restructuring fees		**2**	31
Depreciation and amortization		**1**	1
Impairment of exploration and evaluation assets	*8*	**-**	1,300
Impairment of property, plant and equipment	*9*	**72,871**	-
Share-based compensation	*14c, d*	**3,692**	3,890
Loss before other income (expenses)		**(79,990)**	(8,697)
Other income (expenses)			
Finance expenses, net	*17*	**(392)**	(768)
Foreign exchange loss		**(1)**	(2)
Stakeholder support	*14a*	**-**	(4,603)
Reverse acquisition expense	*18*	**-**	(16,969)
Change in fair value of restricted share unit liability	*14c*	**1,573**	692
Reversal of contribution agreement expenses	*19*	**759**	-
Loss on disposal of property, plant and equipment		**-**	(2)
		1,939	(21,652)
Loss before taxes		**(78,051)**	(30,349)
Income and mining tax recovery (expense)	*15a*	**4,794**	(20)
Net loss for the year		**(73,257)**	(30,369)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**3**	(7)
Comprehensive loss for the year		**(73,254)**	(30,376)
Basic and diluted loss per share		**(1.24)**	(0.63)
Weighted average number of common shares outstanding		**59,027,449**	48,170,652

– See accompanying notes –

Strategic Resources Inc.

Consolidated Statements of Changes in Equity (Deficiency)

For the years ended June 30, 2024 and 2023

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

	Share capital					
	Number of shares	**Amount**	**Contributed surplus**	**Other comprehensive loss**	**Deficit**	**Total**
Balance at July 1, 2022	44,042,913*	187,045	17,319	–	(76,144)	128,220
Shares issued for stakeholder support (Note 14a)	1,534,494*	4,603	–	–	–	4,603
Conversion of long-term debt with shareholders (Note 11)	1,089,259*	3,348	–	–	–	3,348
Private placement – subscription receipts (Note 14a)	4,500,000*	13,500	–	–	–	13,500
Private placement – convertible debentures (Note 14a)	169,772*	509	–	–	–	509
Share issue costs	–	(17)	–	–	–	(17)
Effect of reverse acquisition (Note 18)	7,472,160*	22,417	794	–	–	23,211
Exercise of share options (Note 14a)	19,397	128	(128)	–	–	–
Net loss for the year	–	–	–	–	(30,369)	(30,369)
Foreign currency translation adjustment	–	–	–	(7)	–	(7)
Balance at June 30, 2023	**58,827,995**	**231,533**	**17,985**	**(7)**	**(106,513)**	**142,998**
Balance at July 1, 2023	58,827,995	231,533	17,985	(7)	(106,513)	142,998
Settlement of restricted share units (Note 14a)	200,000	375	–	–	–	375
Share-based compensation (Note 14d)	–	–	2,395	–	–	2,395
Net loss for the year	–	–	–	–	(73,257)	(73,257)
Foreign currency translation adjustment	–	–	–	3	–	3
Balance at June 30, 2024	**59,027,995**	**231,908**	**20,380**	**(4)**	**(179,770)**	**72,514**

* On March 31, 2023, the common shares of BlackRock Metals Inc. were exchanged on a 1:0.0026 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.

Consolidated Statements of Cash Flows

For the years ended June 30, 2024 and 2023

(expressed in thousands of Canadian dollars)

		For the year ended	
Cash flow provided by (used in)	**Notes**	**June 30, 2024**	June 30, 2023
Operating activities			
Net loss for the year		**(73,257)**	(30,369)
Items not affecting cash			
Depreciation and amortization		**1**	1
Deferred tax recovery		**(4,794)**	–
Loss on disposal of property, plant and equipment		–	2
Interest expense	*17*	**1,137**	1,199
Finance income	*17*	**(902)**	(593)
Share-based compensation	*14c, d*	**3,692**	3,890
Stakeholder support	*14a*	–	4,603
Reverse acquisition expense	*18*	–	16,969
Change in fair value of restricted share unit liability	*14c*	**(1,573)**	(692)
Impairment of exploration and evaluation assets	*8*	–	1,300
Impairment of property, plant and equipment	*9*	**72,871**	–
Reversal of contribution agreement expenses		**(759)**	–
Changes in non-cash working capital			
(Increase) decrease in receivables		**(394)**	147
Increase in prepaid expenses and advances		**(78)**	(16)
Decrease in payables and accrued liabilities		**(27)**	(3,002)
Payment of restricted share unit liability		**(1,757)**	–
Cash used in operating activities		**(5,840)**	(6,561)
Interest received		**967**	473
Net cash used in operating activities		**(4,873)**	(6,088)
Investing activities			
Increase in restricted investments	*6*	–	(4,273)
Acquisition of property, plant, and equipment	*9*	**(457)**	(399)
Additions to exploration and evaluation assets	*8*	**(3)**	(20)
Additions to short-term investments		**(2,700)**	–
Proceeds from restricted investments, net of repayments of letters of credit		**2,146**	–
Refund of environmental deposits		**40**	–
Net cash used in investing activities		**(974)**	(4,692)
Financing activities			
Proceeds from issuance of receipts and convertible debentures from private placement	*14a*	–	14,009
Share issue costs on private placement	*14a*	–	(17)
Proceeds from issuance of long-term debt with shareholders	*11*	–	1,500
Repayment of lease obligation	*12*	**(213)**	(203)
Net cash (used in) provided by financing activities		**(213)**	15,289
Net (decrease) increase in cash		**(6,060)**	4,509
Effect of foreign exchange rate changes on cash		**1**	3
Cash – beginning of year		**6,619**	2,107
Cash – end of year		**560**	6,619
Non-cash transactions:			
Shares issued for stakeholder support		–	4,603
Shares issued for settlement of restricted share unit		375	–

– See accompanying notes –

1. Nature of operations and going concern

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, assets and liabilities of BlackRock are included as the comparative figures as at and for the period up to March 31, 2023, which is deemed to be the continuing entity for financial reporting purposes.

Concurrently with the RTO, Strategic raised $14,009 through a private placement of $13,500 of subscription receipts ("Receipts") and $509 of convertible debentures (“Debentures”) (collectively the "Offering"). The Receipts were issued at a pre-consolidation price of $0.50 each, entitling the holder to receive, without payment of additional consideration or further action, upon closing of the RTO, one common share of Strategic. Upon closing of the RTO, the convertible notes automatically converted to common shares of Strategic at a pre-consolidation price of $0.50 per share.

Concurrent with closing of the RTO, Strategic consolidated its outstanding shares at a ratio of six pre-consolidation shares to one post-consolidation share (the “Share Consolidation”), resulting in 58,808,598 Strategic common shares after the RTO. Collectively, the RTO, the Offering and the Share Consolidation are referred to as the “Transaction”.

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 (“BlackRock property”) 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.

<u>Going concern</u>

The accompanying 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.

1. Nature of operations and going concern (continued)

The Company does not derive any revenue from the development and exploration of its mining properties. 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 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 June 30, 2024, the Company had a working capital (current assets less current liabilities) of $1,647 (2023 - $5,010), and a shareholders' equity of $72,514 (2023 - $142,998) and had generated a net loss and negative cash flows from operations of $73,257 and $4,873, respectively for the year then ended. 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. The Company has decided to release its old electrical contracts with Hydro-Québec and to prioritize the development of an iron ore pellet plant for its first phase of operations. The proposed 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.

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 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 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.

2. Material accounting policy information

a) Basis of preparation

The Company prepares its consolidated financial statements in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently to both years presented in these consolidated financial statements.

2. Material accounting policy information (continued)

a) Basis of preparation (continued)

For accounting purposes, it has been determined that Strategic was the accounting acquiree and BlackRock was the accounting acquirer as the shareholders of the former BlackRock now control the Company, based upon the guidance in IFRS 10, Consolidated Financial Statements, and IFRS 3, Business Combinations, to identify the accounting acquirer. Since BlackRock is considered the accounting acquirer, these consolidated financial statements are prepared as a continuation of the financial statements of BlackRock.

The Board of Directors approved these consolidated financial statements and authorized their publication on October 22, 2024.

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 consolidated financial statements from the date that control commences until the date that control ceases. These 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 consolidated financial statements.

2. Material accounting policy information (continued)

c) Basis of measurement

The 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.

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 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 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 investments 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.

2. Material accounting policy information (continued)

e) Property, plant and equipment

Property, plant and equipment are accounted for at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are charged to the consolidated statements of comprehensive loss during the period in which they are incurred.

The estimated useful lives, depreciation methods and rates for the current and comparative years are as follows:

Asset	Basis	Rate/period
Office equipment	Straight-line	20% - 33%
Right-of-use assets	Straight-line	Lease terms
Mine under construction	Not yet amortized	
Metallurgical plant under construction	Not yet amortized	
Mineral property in development	Not yet amortized	

Mine under construction, Metallurgical plant under construction and Mineral property in development will be amortized once the project is completed and ready for its intended use.

Mineral property in development:

Capitalized mineral property in development costs will be carried at cost until the mine operations are placed into commercial production, sold, abandoned or determined by management to be impaired in value. The amortization of the mineral property will be based on unit of production relative to proven and probable reserve of specific ore deposit or total ore deposit.

Mine under construction and Metallurgical plant under construction:

The equipment, the commercial project and buildings in progress for the mine and metallurgical plant are not yet completed and ready for its intended use as at June 30, 2024. The depreciation period will start upon completion and commissioning of each operating activity and the beginning of commercial production.

2. Material accounting policy information (continued)

f) Impairment of non-financial assets

Property, plant and equipment, including the mine and metallurgical plant under construction, and mineral property in development are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as an impairment loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal of impairment loss is recognized in the consolidated statement of loss and comprehensive loss for the year.

g) Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision for asset retirement obligations ("ARO") represents the legal and constructive obligations associated with the rehabilitation of the mine site when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for an ARO is recognized at its present value and a corresponding amount is added to the carrying amount of the related asset and the cost is amortized over the economic life of the asset.

Following the initial recognition of the ARO, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation, excluding the risks for which future cash flow estimates have already been adjusted.

2. Material accounting policy information (continued)

h) Share capital and warrants

Common shares

Common shares are classified as equity instruments of the Company. Equity instruments issued for non-monetary consideration are recorded at fair value on the date they were issued or on the date the agreement to issue them was entered into. Proceeds from unit placements are allocated between common shares and warrants issued on a pro rata basis of their respective fair value within the unit, using the Black-Scholes option pricing model to determine the fair value of warrants issued.

Warrants

Warrants that are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments are classified as equity.

Warrants that include a contractual obligation to deliver cash or do not meet the fixed requirements are classified as financial liabilities at their fair value at each reporting date.

i) Share-based payments

Share options

The grant date fair value of share-based payment awards granted to employees and directors is recognized as an employee expense, with a corresponding increase in contributed surplus, over the period during which the employees and directors unconditionally become entitled to the awards.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that ultimately vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, considering the terms and conditions upon which the options were granted.

Deferred share units ("DSU") and Restricted share units ("RSU")

Deferred and restricted share units that are to be mandatorily redeemed in cash or which can be settled in cash or common shares at the discretion of the holder, pursuant to the plan, are measured at fair value on the grant date and subsequently adjusted at each financial position reporting date for changes in fair value. The expense is recognized over the vesting period or using management's best estimate when contractual provisions restrict vesting until completion of certain performance conditions.

2. Material accounting policy information (continued)

j) Right-of-use assets

Right-of-use assets are measured at cost. The cost is based on the initial amount of the lease liability plus initial direct costs incurred, less any lease incentives received, if any.

The cost of right-of-use assets is periodically reduced by amortization expenses and impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are amortized to reflect the expected pattern of consumption of the future economic benefits which is based on the lesser of the useful life of the asset or the lease term using the straight-line method. The lease term includes the renewal option only if it is reasonably certain to be exercised. The lease term relates to the land of the future metallurgical complex located in La Baie (Saguenay) and is 39 years.

The Company elected not to recognize a right-of-use asset and liability for leases where the total lease term is less than or equal to twelve months and for leases of low value assets such as, but not limited to, office equipment. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggered the payment has occurred.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate as at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liability is increased to reflect the accretion of interest and reduced to reflect the lease payments made. In addition, the carrying amount of the lease liability is remeasured if there has been a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2. Material accounting policy information (continued)

k) Income tax

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss, except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of 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. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are recognized as income or expense in profit or loss, except to the extent that tax arises from business combinations and transactions recognized in equity. Therefore, when deferred taxes relate to equity items, a backward tracing is necessary to determine the adjustment to taxes (e.g. change in tax rates and change in recognized deferred tax assets) that should be recorded in equity. For this purpose, the accounting policy of the Company is to allocate changes in the recognition of deferred tax assets based on their expected maturity date.

Deferred tax is measured at the tax rates that will be applied to temporary differences when they are expected to reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. Material accounting policy information (continued)

l) Refundable credit on mining duties and refundable tax credit related to resources

The Company is eligible for a refundable credit on mining duties under the *Québec Mining Tax Act*. This refundable credit on mining duties is equal to 16% of development expenses incurred for mining activities in Québec. The accounting treatment for refundable credit on mining duties depends on management's intention to go into production in the future or rather to sell its mining property to another mining producer. This assessment is made at the level of each mining property. In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes*, which generates at the same time a deferred tax liability and deferred tax expense since the mining assets under development have a different tax basis following the Company's election to claim the refundable credit.

In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded as a government grant under IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which is recorded against mining assets under development.

The Company records the credit as an income tax recovery since it intends to go into mining production.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred in the province of Quebec. The refundable tax credit related to resources represents up to 38.75% of the amount of eligible expenses incurred and is recorded as a government grant against mining assets under development.

Credits related to resources and credits for mining duties are recorded when there is reasonable assurance that they will be received, and the Company will comply with the conditions associated with the credits.

m) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for owned shares held, for the effects of all dilutive potential common shares, which can comprise warrants, share purchase options and deferred share units. For the year ended June 30, 2024, all share purchase options and restricted share units were anti-dilutive since the Company reported a net loss.

n) Segment reporting

The Company determined that it had one operating segment, which is mining development and exploration of properties.

o) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until capitalization is suspended during extended periods in which active development is interrupted. All other borrowing costs are recognized as finance cost in the consolidated statements of comprehensive loss in the period in which they are incurred.

2. Material accounting policy information (continued)

p) Financial instruments

The Company recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of financial instruments that are not classified as fair value through profit or loss.

The classification and measurement approach for financial assets reflects the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on these categories: amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company identifies changes in its business model in managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

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

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVOCI.

Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL.

Classification and measurement of the financial instruments are as follows:

Financial Instrument	Classification
Cash	Amortized cost
Short-term investments	Amortized cost
Receivables	Amortized cost
Restricted investments	Amortized cost
Payables and accrued liabilities	Amortized cost

2. Material accounting policy information (continued)

p) Financial instruments (continued)

Financial assets are derecognized when the Company's rights to cash flows from the respective assets have expired or have been transferred and the Company has neither exposure to the risks inherent in those assets nor entitlement to rewards from them. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of loss and comprehensive loss.

Under IFRS 9, the Company applies a forward-looking expected credit loss ("ECL") model, at each reporting date, to financial assets measured at amortized cost or those measured at FVOCI.

Impairment losses are recorded in the consolidated statement of comprehensive income with the carrying amount of the financial asset reduced through the use of impairment allowance accounts. The Company reverses impairment losses on financial assets carried at amortized cost when the decrease in impairment can be objectively related to an event occurring after the impairment loss was initially recognized.

q) Exploration and evaluation expenditures

Exploration and evaluation assets include mining property and exploration and evaluation expenditures. Mining property corresponds to acquired interests in mining exploration permits / claims which include the rights to explore for, mine, extract and sell all minerals from such claims, and amounts paid to suspend fishing, hunting and trapping rights owned by third parties on the project.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditures related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling, engineering studies and other costs including appropriate technical and administrative overheads related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are carried at historical cost less any accumulated impairment losses recognized. No depreciation expense is recognized for these assets during the exploration and evaluation phase. When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation assets for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets as mine development assets.

2. Material accounting policy information (continued)

q) Exploration and evaluation expenditures (continued)

When technical feasibility and commercial viability of extracting a mineral resource are demonstrated for an area of interest, the Company stops capitalizing mining properties and exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

3. 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 consolidated financial statements.

Amendments to IAS 1, *Disclosure of Accounting Policies*

On February 12, 2021, the IASB issued *Disclosure Initiative of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments helped entities provide useful accounting policy disclosures. The key amendments included requiring entities to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company`s financial statements. The Company adopted these new amendments on July 1, 2023, and they did not have a material impact on its consolidated financial statements.

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 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.

3. New accounting policies (continued)

New accounting standard not yet adopted by the Company (continued)

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

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.

IFRS 18, *Presentation and Disclosure in the Financial Statements*

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in the Financial Statements* ("IFRS 18") to replace IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 *Statement of Cash Flows* were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 *Earnings Per Share* were issued to permit disclosures of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently evaluating the impact of the standard on its consolidated financial statements and will apply it from the effective date.

Amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*

On May 30, 2024, the IASB issued narrow scope amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. The amendments include the clarification of the date of initial recognition or derecognition of financial liabilities, including financial liabilities that are settled in cash using an electronic payment system. The amendments also introduce additional disclosure requirements to enhance transparency regarding investments in equity instruments designed at FVOCI and financial instruments with contingent features.

The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently evaluating the impact of the amendments on its consolidated financial statements and will apply the amendments from the effective date.

4. Use of critical accounting estimates and judgments

a) Use of judgments

The preparation of the 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:

As described in Note 18, significant judgment was required in order to determine the fair value of the consideration transferred by BlackRock to acquire the net assets of Strategic and of the fair value of the exploration and evaluations assets acquired.

As described in Note 9, significant judgement was required in determining if indicators of impairment exist at the end of each reporting period for each cash generating unit, and in the determination of any recoverable amount.

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 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.

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 is included in the following notes:

- Note 18: Fair value of the consideration transferred by BlackRock to acquire the net assets of Strategic and the determination of the fair value of the exploration and evaluation assets acquired
- Note 9: Impairment of exploration and evaluation assets & property, plant and equipment
- Note 14(d): Fair value of share options granted

5. Short-term investments

As at June 30, 2024, short-term investments consisted of Guaranteed Investment Certificates issued by a Canadian bank, with interest rates of between 4.95% and 5.20% and original maturity dates of between one month to one year, which were all redeemable after 30 days.

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

6. Restricted investments

	June 30, 2024	June 30, 2023
Opening balance	**16,209**	11,936
Redemptions	**(10,647)**	–
Additions	–	4,273
	5,562	16,209
Non-current portion of restricted investments	**5,562**	5,562
Current portion of restricted investments	**-**	10,647

As at June 30, 2024 and 2023, restricted investments consist of Guaranteed Investment Certificates (''GICs'') issued by Canadian banks, with an average interest rate of 5.09% (June 30, 2023 – 5.12 %) with maturity dates ranging between July 2024 and May 2025. These investments are held as collateral for letters of credit issued in favor of provincial authorities, Energir L.P and Hydro-Québec (for 2023).

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 non-current liabilities, accordingly the related collaterals have been presented as non-current assets on June 30, 2024 and 2023 (Note 13).

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 June 30, 2024 and 2023.

During the year ended June 30, 2024, the letters of credit of $10,647 issued to Hydro-Québec have been used to cover amounts owed under the contribution agreements for liabilities related to cancellation of the agreements (Note 19).

7. Receivables

	June 30, 2024	June 30, 2023
Sales tax receivable	**567**	172
Interest receivable	**114**	178
	681	350

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

8. Exploration and evaluation assets and expenditures

Exploration and evaluation assets

Strategic holds one vanadium project in Finland. The carrying value of the project is summarized below:

	Mustavaara	Silasselkä	Total
Fair value on reverse takeover at March 31, 2023 (Note 18)	6,700	1,300	8,000
Additions	20	–	20
Impairment	–	(1,300)	(1,300)
Foreign exchange adjustments	(4)	–	(4)
Balance at June 30, 2023	6,716	–	6,716
Additions	3	–	3
Foreign exchange adjustments	3	–	3
Balance at June 30, 2024	**6,722**	–	**6,722**

Mustavaara Project (“Mustavaara”)

In February 2020, Strategic acquired all of the intellectual property, core samples and storage facilities associated with Mustavaara mine area in Finland.

Silasselkä Project (“Silasselkä”)

On June 10, 2019, Strategic concluded a property option and joint venture agreement with Aurion Resources Ltd. (“Aurion”) (the “Aurion Agreement”) for Silasselkä which comprised 7 claims, 4 exploration licenses and 2 exploration reservations in northern Finland. On June 16, 2020, Strategic agreed to a revision of the terms of the Aurion Agreement whereby Aurion agreed to simplify the earn-in to a single option to earn 100% on completion on issuance of 5,000,000 common shares of Strategic, which was completed in June 2022.

Under the terms of the Aurion Agreement, if it is determined within a five-year period from June 10, 2022, that Silasselkä contains at least 300,000 ounces of gold in the indicated mineral resource category or better, then Strategic would issue 3,000,000 common shares to Aurion.

A third party holds a 3% net smelter royalty (“NSR”) on Silasselkä and other mineral properties owned by Aurion. Until the end of November 2030, Aurion has a right of first refusal to match the amount should a party wish to purchase the NSR. After November 2030, Aurion can purchase 1% of the NSR for €4,000. In the event Aurion acquires any or all of this NSR, Strategic would have the option to purchase up to one-half of such NSR, as it pertains to the Silasselkä property, on a proportionate value basis.

In 2023, management concluded that it has no near-term plans to advance this project and abandoned the property. As a result, an impairment of $1,300 was recorded on the Silasselkä project as at June 30, 2023.

8. Exploration and evaluation assets and expenditures (continued)

Exploration and evaluation assets (continued)

Strategic's exploration and evaluation expenditures on its project for the year ended June 30, 2024 and 2023 are detailed in the table below, all of which relate to the Mustavaara Project:

	June 30, 2024	June 30, 2023
Geological consulting / staff	–	1
Mineral rights	3	19
Costs incurred during the year	**3**	**20**

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

9. 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	2	–	369	86	–	457
Adjustments related to asset retirement obligations	–	–	–	(84)	–	(84)
Disposals	–	–	–	–	–	–
Lease modification	–	(101)	–	–	–	(101)
Capitalized amortization	–	–	359	–	–	359
Cost as of June 30, 2024	676	13,677	67,801	40,818	29,394	152,366
Accumulated amortization as of June 30, 2023	674	1,443	–	–	–	2,117
Depreciation and amortization	1	359	–	–	–	360
Disposals	–	–	–	–	–	–
Impairment loss (i)	–	4,968	28,369	22,983	16,551	72,871
Accumulated amortization as of June 30, 2024	675	6,770	28,369	22,983	16,551	75,348
Net book value as of June 30, 2024	**1**	**6,907**	**39,432**	**17,835**	**12,843**	**77,018**
Cost as of June 30, 2022	694	13,406	66,473	40,653	29,394	150,620
Additions	–	–	249	150	–	399
Adjustments related to asset retirement obligations	–	–	–	13	–	13
Disposals	(20)	–	–	–	–	(20)
Lease modification	–	372	–	–	–	372
Capitalized amortization	–	–	351	–	–	351
Cost as of June 30, 2023	674	13,778	67,073	40,816	29,394	151,735
Accumulated amortization as of June 30, 2022	691	1,092	–	–	–	1,783
Depreciation and amortization	1	351	–	–	–	352
Disposals	(18)	–	–	–	–	(18)
Accumulated amortization as of June 30, 2023	674	1,443	–	–	–	2,117
Net book value as of June 30, 2023	**–**	**12,335**	**67,073**	**40,816**	**29,394**	**149,618**

9. Property, plant and equipment (continued)

(i) Impairment

The Company is required to make judgments in assessing at the end of each reporting period whether there is any indication that an asset may be impaired. In making this assessment, the Company uses various indicators including, but not limited to, adverse changes in the industry or economic conditions, a lower-than-expected economic performance of the asset or a significant change in market or project returns or interest rates. When such an indication exists, the Company makes a number of estimates when determining the recoverable amount of an asset or a cash-generating unit. Estimates may be influenced by a number of assumptions such as estimated production, duration of the projects, proven and probable reserves, selling prices, costs to operate, capital expenditures, market comparable, and the discount rate. There is a high degree of estimation uncertainty around these assumptions with small changes having a significant impact on the recoverable amount.

As a result of the decision to prioritize the development of the pellet plant at Port Saguenay (with a different source of iron ore concentrate feed), as well as the cancellation of the contribution agreements with Hydro-Québec (Note 19), the Company concluded that indicators of impairment were present. As a result, the Company performed an impairment test on its Metallurgical plant under construction (pellet plant at Port Saguenay) and Mineral property in development and related mine under construction cash generating units ("CGUs").

<u>Metallurgical plant under construction and right-of-use assets (pellet plant at Port Saguenay)</u>

The impairment test on the Metallurgical plant under construction and right-of-use under assets resulted in an impairment charge of $33,337 that was recorded in the Consolidated Statements of Loss and Comprehensive Loss.

The estimated recoverable amount was based on fair value less costs of disposal ("FVLCD"). The fair value measurement was categorized as a Level 3 fair value and was determined based on several assumptions including estimated iron ore pellet selling price, total estimated operating costs, estimated capital costs for the construction of a 4 million tonne per annum pellet plant, estimated useful life of the pellet plant, discount rate and an applied market multiple (based on a set of publicly traded mining companies, recent market transactions, and similar projects).

Any small adverse movement in the above assumptions individually can significantly impact the recoverable amounts determined above.

<u>Mineral property in development and related mine under construction</u>

The impairment test on the mineral property in development and related mine under construction resulted in an impairment charge of $39,534 that was recorded in the Consolidated Statements of Loss and Comprehensive Loss.

The estimated recoverable amount was based on fair value less costs of disposal ("FVLCD"). The fair value measurement was categorized as a Level 3 fair value and was determined based on a weighing of several estimated market value per pounds of combined resources and reserves based on a set of publicly traded mining companies / recent market transactions, and geological studies of the mines of the related companies.

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

9. Property, plant and equipment (continued)

(i) Impairment (continued)

Combined resources and reserves of the property consisted of proven and probable reserves, measured and indicated resources, and inferred resources which were determined by independent third-party evaluators. All proven and probable reserves, and measured and indicated resources, and 50% of the inferred resources were included in the combined resources and reserves.

The main assumption used in the FVLCD measurement was the combined reserves and resources.

Any small adverse movement in the above main assumptions individually can significantly impact the recoverable amounts determined above.

10. Payables and accrued liabilities

	June 30, 2024	June 30, 2023
Payables	**73**	114
Accrued liabilities	**874**	10,118
	947	10,232

11. Long-term debt with shareholders

On June 2, 2022, BlackRock signed a two-year loan agreement, with two of its shareholders, to cover the financial guarantee provided to Energir L.P. on behalf of BlackRock (up to a maximum of $4,300) and to supply the necessary working capital required to continue the development and engineering work on BlackRock's project. The loan agreement had a maximum credit facility available of $28,000 with an interest rate of 8% per annum, which was capitalized quarterly and added to the principal amount of the loan until its maturity date. The loan was secured by a first ranking charge over BlackRock's assets and mining property.

During the year ended June 30, 2023, $1,500 was drawn under the facility. On March 31, 2023, pursuant to the RTO, the loan was terminated and the balance of the loan and accrued interest of $3,348 was fully repaid by conversion into 1,089,259 common shares of Strategic as part of the Transaction.

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

12. Lease obligation

	June 30, 2024	June 30, 2023
Balance, beginning of year	**16,842**	**15,645**
Adjustment on lease modifications	**(101)**	**372**
Interest on lease obligation at the effective interest rate of 6.25%	**1,100**	**1,028**
Repayments	**(213)**	**(203)**
	17,628	**16,842**
Current portion of lease obligation	**998**	**606**
Lease obligation	**16,630**	**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 paid a reduced rent during the construction period, which ended on March 31, 2024 as per the lease contract, unless it is renewed by the lessor. The reduced rent was extended by Développements Port Saguenay Inc. in April 2024 for a period of six months.

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

	June 30, 2024
Less than one year	**998**
One to five years	**4,195**
More than five years	**42,735**
Total undiscounted lease obligation	**47,928**

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

13. Asset retirement obligations

The Company's activities for exploration, pre-construction and obtaining various construction permits are subject to provincial environmental protection laws and regulations. As a result, the Company is required to provide various letters of credit for future anticipated costs of site restoration at the end of the operations and other remediation plans approved by the Government of Québec for the Chibougamau site. The Company has recorded the related asset retirement obligations based on best estimates of future costs that it would have to pay to settle its obligations. Future costs are discounted using pre-tax rates that reflect the time value of money and the specific risks of the liability.

The annual inflation rates used to determine the future amounts of the asset retirement obligations is between 2.00% - 2.75% (2.00% - 3.00% for June 30, 2023). The rates reflecting current market assessments used to determine the present value of the asset retirement obligations are between 3.39% - 3.50% (3.09% - 3.26% for June 30, 2023).

The movements in the asset retirement obligations are as follows:

	June 30, 2024	June 30, 2023
Balance, beginning of year	**1,086**	1,040
Changes in assumptions	**(84)**	13
Accretion expense	**37**	33
Balance, end of year	**1,039**	1,086

The following table presents the estimated undiscounted cash flows resulting from the future reclamation costs used in the calculation of the asset retirement obligations and their estimated disbursement schedule per site for which restoration costs are required:

	June 30, 2024
2034 and subsequent	**638**
2067 and subsequent	**2,458**
Total undiscounted estimated disbursements	**3,096**

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

14. 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, July 1, 2022	44,042,913	187,045
Shares issued for stakeholder support (1)	1,534,494	4,603
Conversion of long-term debt with shareholders (2)	1,089,259	3,348
Private placement – subscription receipts (3)	4,500,000	13,500
Private placement – convertible debentures (3)	169,772	509
Share issue costs (3)	–	(17)
Effect of reverse acquisition (Note 18)	7,472,160	22,417
Exercise of share options (4)	19,397	128
Balance, June 30, 2023 (5)	58,827,995	231,533
Shares issued on settlement of RSUs (6)	200,000	375
Balance, June 30, 2024	59,027,995	231,908

(1) BlackRock issued 3.5 billion pre-consolidation common shares for no cash consideration for stakeholder participation in the project development including but not limited to guidance with respect to social acceptability issues and environmental stewardship and for continuing support of the development of important project related infrastructure initiatives. The 3.5 billion common shares had a fair value of $4,603 and were recognized as an expense for stakeholder support. On Close of the Transaction, they were exchanged for 1,534,494 post-consolidation Strategic common shares.

(2) On March 31, 2023, in connection with the Transaction, $3,348 of loan payable to shareholders was converted into 1,089,259 post-consolidation Strategic common shares (Note 11).

(3) On March 31, 2023, concurrently with the Transaction, the Company completed financing for gross proceeds of $14,009 through a private placement of $13,500 of subscription receipts and $509 of convertible notes. The Receipts were issued at a pre-consolidation price of $0.50 per Receipt entitling the holder to receive, without payment of additional consideration or further action, upon closing of the Transaction, one common share of Strategic. Upon closing of the Transaction, the convertible notes automatically converted to common shares of Strategic at a pre-consolidation price of $0.50 per share. In relation to the private placement, the Company incurred share issue costs of $17 which is deducted from share capital.

(4) In June 2023, certain Stock Option holders elected to Net Exercise their options (Note 14(d)), resulting in the issuance of 19,397 shares of the Company. The related fair value of $128 was transferred from contributed surplus to share capital.

(5) On March 31, 2023, all outstanding common shares of BlackRock were exchanged on a 1:0.0026 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.

(6) On July 1, 2023, the Company issued 200,000 common shares as part settlement of the RSUs for a value of $375.

14. Share capital (continued)

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

The Company's Board adopted a new 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 new 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 optionee 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.

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 granted to replace the 5,000,000,000 RSUs issued by BlackRock on July 1, 2022:

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

14. Share capital (continued)

c) DSU and RSU (continued)

	Number of RSUs	Share-based compensation	Carrying value of RSU liability	Intrinsic value of RSU liability for vested benefits
As at June 30, 2022	-	-	-	
Granted	2,256,609	-	-	-
Fair value expense	-	$3,890	$3,890	
Change in fair value	-	-	(692)	
As at June 30, 2023	**2,256,609**	**$3,890**	**3,198**	**$2,132**
Fair value expense	-	1,297	1,297	
Settled / paid	(1,128,305)	-	(2,132)	
Change in fair value	-	-	(1,573)	
As at June 30, 2024	**1,128,304**	**$1,297**	**$790**	**$790**
Exercisable	**-**			

As at June 30, 2024, the Company had the following RSUs outstanding:

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

On June 30, 2024, the Company has 1,128,304 RSUs (2023 – 2,256,609) outstanding to employees and directors. For the year ended June 30, 2024, the Company recorded share-based payment expense of $1,297 (2023 - $3,890). As at June 30, 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 $790 (2023 - $3,198), with a gain on fair value of $1,573 (2023 - $692) recognized in the consolidated statement of loss for the year ended June 30, 2024. On July 1, 2023, 1,128,305 RSUs vested and were settled for $1,757 in cash and $375 in shares.

d) Share options

Share options and weighted average exercise prices are as follows for the year:

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

14. Share capital (continued)

d) Share options (continued)

	Year ended June 30, 2024		Year ended June 30, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	**308,333**	1.98	-	-
Issuance to former Strategic option holders (Note 18)	-	-	**489,000**	1.94
Options granted	**3,000,000**	1.45	**-**	-
Options exercised	**-**	-	**(80,667)**	1.50
Options expired	**(8,333)**	2.10	**(100,000)**	2.17
Outstanding, end of year	**3,300,000**	1.50	**308,333**	1.98

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 vest over two years.

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 year ended June 30, 2024, the Company recorded a share-based payment expense of $2,395.

On June 15, 2023, certain Option holders elected to Net Exercise their options. As a result, holders of 80,667 options exercised their options and in lieu of receiving the shares pertaining to such options, they received the number of shares obtained by:

- Subtracting the Option exercise price per share from the volume weighted average trading price of the Shares for the prior five trading days (“VWAP”) and multiplying the remainder by the number of Option shares; and
- Dividing the product obtained above by the VWAP

As a result, 19,397 net shares were issued to the holders who Net Exercised the Options (Note 14(a)).

The Company has the following outstanding share options as at June 30, 2024:

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

14. Share capital (continued)

d) Share options (continued)

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	4.10	$ 1.45	991,671	$ 1.45
75,000	October 21, 2024	0.31	$ 1.50	75,000	$ 1.50
117,500	November 19, 2025	1.39	$ 2.22	117,500	$ 2.22
16,667	April 14, 2026	1.79	$ 1.80	16,667	$ 1.80
90,833	November 16, 2026	2.38	$ 2.10	90,833	$ 2.10
3,300,000		3.86	$ 1.50	1,291,671	$ 1.57

e) Warrants

The following table summarizes warrants activity for the year:

	Year ended June 30, 2024		Year ended June 30, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of year	-	-	-	-
Issuance of Strategic warrants (Note 18)	-	-	**597,500**	3.30
Warrants expired	-	-	**(597,500)**	(3.30)
Outstanding, end of year	-	-	-	-

The above warrants expired on April 20, 2023 without being exercised.

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

15. Income and mining taxes recovery

a) Income tax expense

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings (loss) before income taxes.

These differences result from the following items:

	June 30, 2024	June 30, 2023
Income (loss) before income and mining taxes	**(78,051)**	(30,349)
Canadian federal and provincial income tax rates	**26.50%**	26.50%
Income tax expense (recovery) based on the above rates	**(20,684)**	(8,042)
Increase (decrease) due to:		
Non-deductible stakeholder support expense	–	1,220
Non-deductible reverse acquisition expense	–	4,497
Non-deductible share-based compensation	**635**	–
Non-deductible expenses and other permanent differences	**3**	471
Tax expense related to the deductibility of deferred mining tax liability	**1,270**	–
Deferred mining tax expense	**(4,794)**	–
Current year's losses (Application of previous years' losses) for which no deferred taxes asset was recognized	**18,750**	1,893
Effect of provincial and foreign tax differences	**13**	3
Prior year adjustment	**13**	(22)
	(4,794)	20

	June 30, 2024	June 30, 2023
Consists of:		
Current income and mining tax expense	–	20
Deferred income and mining tax recovery	**(4,794)**	–
	(4,794)	20

b) Deferred income and mining tax assets and liabilities recognized are attributable to the following:

	June 30, 2024	June 30, 2023
Assets		
Non-capital losses carry-forwards	–	17,200
Asset retirement obligations	**275**	288
Lease obligation	**3,617**	4,463
Liabilities		
Property, plant and equipment	**(2,062)**	(18,682)
Right-of-use assets	**(1,830)**	(3,269)
Deferred mining tax	**(766)**	(5,560)
	(766)	(5,560)

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

15. Income and mining taxes recovery (continued)

c) Unrecognized deferred tax assets

Deferred tax assets have not been recognized because it is not probable, under accounting standards, that future taxable profit will be available against which the Company can use the benefits therefrom. As at June 30, 2024 and 2023, the amounts of tax attributes and temporary differences for which no tax assets have been recognized, which are available to reduce future years' taxable income were as follows:

	June 30, 2024	June 30, 2023
Canadian Non-capital losses carry-forward	**127,425**	56,704
Finnish Non-capital losses carry-forwards	**1,198**	932
Share issuance costs	**431**	769
Restricted share units	**790**	3,198
Lease obligation	**3,982**	–

As at June 30, 2024 and 2023, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Company controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

d) The Company has accumulated non-capital losses for income tax purposes. Those losses will expire as follows:

Expiry Date	**Federal**	**Finland**
2025	195	–
2026	311	–
2027	301	–
2028	723	–
2029	492	141
2030	122	186
2031	254	229
2032	249	324
2033	220	123
2034	171	195
2035	141	–
2036	1,776	–
2037	14,513	–
2038	30,365	–
2039	27,999	–
2040	31,558	–
2041	7,874	–
2042	3,345	–
2043	2,415	–
	4,400	–
	127,424	**1,198**

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

16. Related party transactions

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

	June 30, 2024	June 30, 2023
Management salaries, bonuses and benefits	**904**	1,113
Share-based compensation	**3,196**	3,890
Consulting fees	**607**	383
	4,707	5,386

17. Finance expenses, net

	June 30, 2024	June 30, 2023
Finance income:		
Interest income from cash and restricted investments	**902**	593
Finance expenses:		
Financial costs	**157**	162
Interest expense	**1,100**	1,166
Accretion interest	**37**	33
	(1,294)	(1,361)
Finance expenses, net	**(392)**	(768)

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

18. Reverse takeover and related transactions

At the time of the RTO, the Company did not meet the definition of a business as defined under IFRS 3 "Business Combinations". Hence, the qualifying transaction was accounted for as an asset acquisition in accordance with IFRS 2, "Share-Based Payment". BlackRock was identified as the accounting acquirer that issued shares to acquire all of the net assets of Strategic, the accounting acquiree, and its listing status. These consolidated financial statements are considered to be a continuation of the financial statements of BlackRock, the accounting acquirer.

The acquisition-date fair value of the consideration transferred by the accounting acquirer, BlackRock, for its interest in the accounting acquiree, Strategic, of $23,211 is determined based on the fair value of the equity interest BlackRock would have had to give to the owners of Strategic, before the reverse acquisition, to provide the same percentage equity interest in the combined entity that results from the reverse acquisition, and is recorded as an increase in common shares in the consolidated statement of financial position.

As the valuation of Strategic's identifiable net assets at the reverse acquisition date was $6,242, the excess of consideration transferred over the net assets acquired of $16,969 is reflected as a "Reverse acquisition expense" expense in the consolidated statement of loss and comprehensive loss. The fair value of the exploration and evaluation assets was obtained from a third-party valuation of these assets.

Consideration transferred as at March 31, 2023:	
Fair value of deemed issuance of 7,472,160 post-consolidation shares to Strategic shareholders (Note 14a)	22,417
Fair value of deemed issuance of 489,000 post-consolidation share options to Strategic option holders (Note 14d)	771
Fair value of deemed issuance of 597,500 post-consolidation warrants to Strategic warrant holders (Note 14e)	23
Total consideration	23,211
Net assets of Strategic Resources Inc. acquired as at March 31, 2023:	
Receivables	42
Prepaid expenses	7
Environmental deposits	40
Exploration and evaluation assets (Note 8)	8,000
Accounts payable and accrued liabilities	(1,847)
Total net assets acquired	6,242
Reverse acquisition expense	16,969

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

18. Reverse takeover and related transactions (continued)

The fair value of the consideration transferred by the accounting acquirer was determined by using the share value in the private placement of $3.00 per share (post-consolidation) multiplied by the number of shares of 7,472,160 (post-consolidation) for a consideration of $22,417. The 489,000 share options (post-consolidation) were valued at a weighted average $1.578 per option using the Black-Scholes valuation model with the assumptions listed in the table below for a consideration of $771. The 597,500 warrants (post-consolidation) were valued at $0.038 per warrant using the Black-Scholes valuation model with the assumptions listed in the table below for a consideration of $23. The considerations for the shares, the share options and the warrants represent the total consideration transferred by the accounting acquirer.

	Share options	Warrants
Share price	$ 3.00	$ 3.00
Exercise price	$ 1.50 - $ 2.22	$ 3.30
Risk free rate	3.78%	3.78%
Expected life (years)	0.25 – 3.63	0.05
Expected volatility	58% - 84%	47%

In addition, the Company incurred $897 of professional fees in connection with the reverse takeover, which is included as part of professional fees in the consolidated statement of loss.

19. Commitments

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

Year ending June 30:	2025	2026	Total
Operating lease payments	12	1	13
Services agreement	8	–	8
	20	**1**	**21**

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

Hydro-Québec

<u>Chibougamau</u>

On March 30, 2012, BlackRock entered into a contribution agreement with Hydro-Québec by which Hydro-Québec would 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 was secured by a letter of credit. This letter of credit was to be released over 20 years based on the annual consumption of electricity BlackRock projects once in operation.

19. Commitments (continued)

Chibougamau (continued)

A letter of credit, renewable every year, of $4,885 was issued by a Canadian bank in favor of Hydro-Québec to cover for the Hydro-Québec'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 (''GIC'') of the same amount (Note 6).

In case the project was not completed, or the consumption of electricity was less than as agreed in the contribution agreement, a portion of or the totality of the $4,885 restricted investment would be payable to Hydro-Québec. If the project was not completed by the deemed completion date, BlackRock would be 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 would be 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 invoiced BlackRock for an amount of $4,863 (excluding taxes). In April 2024, payment was made in full to Hydro-Québec and the letter of credit was cancelled. This resolved all outstanding obligations related to this agreement.

Saguenay

On November 14, 2016, BlackRock entered into an agreement with Hydro-Québec by which Hydro-Québec would 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 would 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 BlackRock would pay the remaining $2,800.

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.

A letter of credit, renewable every year, of $5,762 was issued by a Canadian bank in favor of Hydro-Québec to cover Hydro-Québec's portion of the cost of construction to date plus applicable taxes. The letter of credit was secured by restricted investments consisting of a Guaranteed Investment Certificate (''GIC'') of the same amount (Note 6). However, the Port of Saguenay and the Government of Québec had agreed to reimburse the letter of credit when the construction financing would be confirmed.

19. Commitments (continued)

Saguenay (continued)

The amended contribution agreement contained a deemed completion date of June 21, 2022. If the project was not completed at that time, BlackRock would be 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 would be 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 invoiced BlackRock for an amount of $3,638 (excluding taxes). In April 2024, payment was made in full to Hydro-Québec and the letter of credit was cancelled. This resolved all outstanding obligations related to this agreement.

After the cancellation of the contribution agreements with Hydro-Québec, Hydro-Québec finalized the construction costs to be paid by BlackRock and the over provision of $759 was reversed and returned to BlackRock.

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 consolidated financial statements and to the best knowledge of management, the Company is in conformity with the laws and regulations.

20. Policies and processes for managing capital

As at June 30, 2024, the capital of the Company consists of shareholders' equity amounting to $72,514. The Company's capital management objective 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 year ended June 30, 2024.

21. 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.

Fair value

The carrying values of cash, short-term investments, receivables, restricted investments and payables and accrued liabilities approximate their fair values as at June 30, 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 and restricted investments is limited because these investments, although readily convertible into cash, are generally held to maturity. As of June 30, 2024, management estimates that if interest rates had changed by 25 basis point for those funds invested in guaranteed investment certificates ("GICs"), assuming all other variables remained constant, the impact on the Company's loss for the year ended June 30, 2024 would have been negligible.

21. 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 June 30, 2024, the Company had current assets of $4,382 to settle current liabilities of $2,735, 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 1).

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 June 30, 2024, the Group has cash denominated in US dollars of US$5 (2023 – US$17) and in Euro of €19 (2023 - €48) and accounts payable denominated in US dollars of US$Nil (2023 – US$2) and in Euro of €2 (2023 - €3). 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.

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

22. 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 June 30, 2024 and 2023 are as follows:

June 30, 2024	Canada	Finland	Total
Exploration and evaluation assets	–	6,722	6,722
Property, plant and equipment	77,018	–	77,018
Total	**77,018**	**6,722**	**83,740**

June 30, 2023	Canada	Finland	Total
Environmental deposits	–	40	40
Exploration and evaluation assets	–	6,716	6,716
Property, plant and equipment	149,618	–	149,618
Total	**149,618**	**6,756**	**156,374**

23. 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. It appears that the CNESST's legal department will not act on behalf of the former employees of BlackRock. 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 summary 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. We are waiting for the hearing on the merits of the former employees' claims to be scheduled. 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.