Consolidated financial statements of

BeMetals Corp.

Years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
BeMetals Corp.

Opinion

We have audited the accompanying consolidated financial statements of BeMetals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has incurred negative cash flows from operations of $1,731,165 and recorded a loss of $1,995,833 for the year ended December 31, 2023, and has an accumulated deficit of $25,192,851 as at December 31, 2023. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

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

As described in Note 4 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $29,029,049 as of December 31, 2023. As more fully described in Notes 2 and 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each annual statement of financial position date.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and receipts.
- Assessing the Company's rights to explore E&E Assets including sending a confirmation request to the optionor to ensure good standing of agreements.
- Obtaining, on a test basis, confirmation of title, through reviewing license certificates and vouching annual renewal fees to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carmen Newnham.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 23, 2024

BeMetals Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

		As at December 31, 2023		As at December 31, 2022
Assets				
Current assets				
Cash	**$**	**562,355**	$	6,007,041
Term deposit		**46,000**		28,750
Amounts receivable		**326,963**		129,218
Prepaids		**48,406**		107,437
		983,724		6,272,446
Exploration advances (Note 4)		**195,104**		350,491
Investments (Note 5)		**138,872**		277,652
Exploration and evaluation assets (Note 4)		**29,029,049**		22,048,400
Total assets	**$**	**30,346,749**	$	28,948,989
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	**$**	**211,587**	$	376,913
		211,587		376,913
Convertible debenture (Note 7)		**2,285,830**		-
Derivative liability (Note 7)		**8,660**		-
Loan (Note 6)		**7,055,784**		6,901,930
Total liabilities		**9,561,861**		7,278,843
Shareholders' equity				
Share capital (Note 8)		**40,905,494**		40,905,494
Equity reserves		**3,990,872**		3,961,670
Equity component of convertible debenture (Note 7)		**1,081,373**		-
Deficit		**(25,192,851)**		(23,197,018)
Total shareholders' equity		**20,784,888**		21,670,146
Total liabilities and shareholders' equity	**$**	**30,346,749**	$	28,948,989

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

Approved by the Board of Directors on April 23, 2024:

"Mark Connelly" Director

"John Wilton" Director

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

BeMetals Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Year ended December 31, 2023	2022
Expenses		
Consulting	**$ 73,040**	$ 101,328
Foreign exchange	**(136,500)**	(103,951)
Marketing	**202,028**	182,377
Office and administration	**217,704**	174,803
Professional fees	**151,678**	119,770
Regulatory and transfer agent	**50,671**	53,102
Fees and salaries (Note 9)	**804,369**	775,661
Share-based compensation (Notes 8,9)	**147,545**	624,144
Travel	**177,819**	127,459
	(1,688,354)	(2,054,693)
Write down of South Mountain Project (Note 4)	**-**	(12,675,966)
Finance income	**147,732**	121,187
Loans finance expense (Note 6)	**(335,445)**	(128,579)
Unrealized gain (loss) on derivative liability (Note 7)	**(8,660)**	-
Convertible debt finance expense (Note 7)	**(111,106)**	-
Loss	**(1,995,833)**	(14,738,051)
Other comprehensive loss		
Unrealized loss on investments (Note 5)	**(138,780)**	(181,926)
Other comprehensive loss	**(138,780)**	(181,926)
Comprehensive loss	**$ (2,134,613)**	$ (14,919,977)
Basic and diluted loss per share	**$ (0.01)**	$ (0.08)
Weighted average number of common shares outstanding - basic and diluted	**177,352,545**	177,352,545

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

BeMetals Corp.

Consolidated Statements of Shareholders' Equity

(Expressed in Canadian dollars)

	Shares issued	Share Capital	Share-based payments	Marketable securities	Convertible debenture	Deficit	Total Shareholders' equity
At December 31, 2021	177,352,545	$ 40,905,494	$ 3,276,061	$ 124,853	$ -	$ (8,458,967)	$ 35,847,441
Share-based compensation	-	-	742,682	-	-	-	742,682
Loss and comprehensive loss	-	-	-	(181,926)	-	(14,738,051)	(14,919,977)
At December 31, 2022	177,352,545	40,905,494	4,018,743	(57,073)	-	(23,197,018)	21,670,146
Share-based compensation	-	-	167,982	-	-	-	167,982
Issuance of convertible debt, net of issuance costs (Note 7)	-	-	-	-	1,081,373	-	1,081,373
Loss and comprehensive loss	-	-	-	(138,780)	-	(1,995,833)	(2,134,613)
At December 31, 2023	177,352,545	$ 40,905,494	$ 4,186,725	$ (195,853)	$ 1,081,373	$(25,192,851)	$ 20,784,888

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

BeMetals Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended December 31,	
	2023	2022
Operating activities		
Loss	**$ (1,995,833)**	$ (14,738,051)
Adjusted for:		
Share-based compensation	**147,545**	624,144
Loans finance expense	**335,445**	128,579
Convertible debt finance expense	**111,106**	
Unrealized foreign exchange (gain) / loss	**(131,651)**	119,434
Write down of South Mountain Project	**-**	12,675,966
Unrealized gain (loss) on derivative liability	**8,660**	-
Changes in non-cash working capital items:		
Amounts receivable	**(197,745)**	27,064
Prepaids and deposits	**59,031**	(53,560)
Trade and other payables	**(67,723)**	120,000
	(1,731,165)	(1,096,424)
Investing activities		
Pro rata exploration contribution	**817,108**	582,180
Payments for exploration and evaluation expenditures	**(7,719,536)**	(6,503,001)
Term deposit	**(17,250)**	-
	(6,919,678)	(5,920,821)
Financing activities		
Proceeds from loans	**1,750,000**	6,426,735
Interest paid on loans	**(13,089)**	6,426,735
Proceeds from convertible debenture	**1,550,000**	-
Convertible debenture issuance costs	**(43,903)**	-
	3,243,008	6,426,735
Effect of foreign exchange on cash	**(36,851)**	227,182
Change in cash	**(5,444,686)**	(363,328)
Cash, beginning of year	**6,007,041**	6,370,369
Cash, end of year	**$ 562,355**	$ 6,007,041
Non-cash investing and financing activities		
Share-based compensation capitalized for exploration and evaluation expenditures	**$ 20,437**	$ 118,538
Exploration costs included in trade and other payables	**$ 93,763**	$ 191,366
Reclassification of exploration advances to exploration and evaluation assets	**$ 155,387**	$ 156,650

$13,089 of interest was paid during the year ended December 31, 2023 (2022: $nil)
No cash was paid for income taxes during the years ended December 31, 2023 and 2022

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

1. NATURE OF OPERATIONS AND GOING CONCERN

BeMetals Corp. (“BeMetals” or “the Company”) is a base and precious metals exploration and development company listed on the TSX Venture Exchange (“TSX-V”) under the symbol ‘BMET’ and also trades on the OTCQB in the US under the symbol ‘BMTLF’ and on the Frankfurt Stock Exchange in Germany under the symbol ‘1OI.F’. The Company has five gold exploration projects in Japan and holds an option agreement to acquire an interest in a mineral project in Zambia. Pursuant to the option agreement, the Company has rights to acquire a majority interest in the Pangeni copper exploration project (the “Pangeni Copper Project”) on the western extension of the Zambian Copperbelt (Note 4). The Company will continue to evaluate other potential precious and base metals acquisition opportunities.

The Company’s head office address is 3400 - 666 Burrard Street, Vancouver, BC, V6C 2X8. The registered and records office address is 2500 – 700 W. Georgia Street, Vancouver BC, V7Y 1B3.

As at December 31, 2023, the Company had working capital of $772,137 (2022 - working capital of $5,895,533). The Company has incurred negative cash flows from operations of $1,731,165 and recorded a loss of $1,995,833 for the year ended December 31, 2023 (2022 - negative cash flows from operations of $1,096,424 and loss of $14,738,051, respectively), and has an accumulated deficit of $25,192,851 as at December 31, 2023 (2022 - $23,197,018).

These consolidated financial statements are prepared on a going concern basis that assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception and has no source of recurring revenue. The success of the Company is dependent upon the ability of the Company to obtain necessary financing to continue their exploration and development activities, the confirmation of economically recoverable reserves, and upon establishing future profitable production, or realization of proceeds on disposal. The Company will require additional funding to maintain its activities and operations for the next twelve months. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to the adjustments that would be necessary to the carrying value and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements are presented in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements have been authorized for issuance by the Board of Directors of the Company on April 23, 2024.

(b) Basis of measurement

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

(c) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain.

2. BASIS OF PRESENTATION (continued)

(c) Significant accounting judgments and estimates *(continued)*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at year end that could result in a material adjustment to the carrying amounts of assets and liabilities within the next year, in the event that actual results differ from assumptions made, relate to the following:

Key Sources of Estimation Uncertainty

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Convertible debenture and derivative liability

The equity component of the convertible debenture is calculated using a discounted cash flow method, which requires management to make an estimate on an appropriate discount rate. Change in the discount rate can materially affect the calculation of the equity component. In addition, the Company uses the Black-Scholes Option Pricing Model to determine the fair value of the derivative liability. The model requires the input of subjective assumptions including but not limited to expected share price volatility. Changes in the input assumptions can materiality affect the fair value estimate and the Company's earnings (loss).

(d) Principles of consolidation

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All intercompany balances and transactions are eliminated upon consolidation.

As at December 31, 2023, the Company had five wholly owned subsidiaries: BQ AcquisitionCo Corp., BQ FinanceCo Corp. and BeMetals Japan Corp., incorporated in British Columbia, Canada, BeMetals USA Corp., incorporated in Delaware, USA, and Kazan Resources KK, incorporated in Tokyo, Japan.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(a) Cash

Cash includes deposits held with banks that are available on demand.

(b) Term deposits

Term deposits are short-term investments that have maturity dates of no more than one year from the date of purchase, or are redeemable prior to maturity without significant costs or penalties.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(c) Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statements of loss and comprehensive loss.

(d) Exploration and evaluation assets

The Company defers the cost of acquiring the rights to explore, maintaining its interest in, exploring and developing mineral properties as exploration and evaluation until the properties are placed in production, abandoned, sold or considered to be impaired in value. Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, exploration and evaluation expenditures are first tested for impairment and then reclassified to "mineral properties and mine development costs". If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value. Exploration costs that do not relate to any specific property are expensed as incurred.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as but not limited to:

- The extent to which mineral reserves or mineral resources have been identified through a feasibility study or similar level document;
- The results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study;
- The status of environmental permits; and
- The status of mining leases or permits.

In addition, commercial viability is deemed to be achieved when the Company determines that the project will provide a satisfactory return relative to its perceived risks. Ore reserves and resources may be declared for an undeveloped mining project before its commercial viability has been fully determined. Evaluation costs may continue to be capitalized during the period between declaration of reserves and approval to mine as further work is undertaken in order to refine the development case to maximize the project's returns.

The Company's assets are reviewed for indication of impairment at each annual statement of financial position date. If any such indication exists, an estimate of the recoverable amount is undertaken, being the higher of an asset's fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). If the asset's carrying amount exceeds its recoverable amount, then an impairment loss is recognized in the consolidated statement of loss and comprehensive loss. FVLCD is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Fair value of mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects. VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(d) Exploration and evaluation assets (continued)

its present form and from its ultimate disposal. Impairment is normally assessed at the level of cash-generating units, which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

(e) Loss per share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period. For this purpose, it is assumed that proceeds upon the exercise of share options and warrants are used to purchase common shares at the average market price during the period. Share options and warrants outstanding as at December 31, 2023 and 2022, are anti-dilutive and, therefore, have not been taken into account in the diluted per share calculations.

(f) Share-based payments

The Company's share option plan allows employees, directors, officers, consultants and charitable organizations to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(g) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(h) Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

(i) Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(j) Convertible debenture and derivative liability

Compound financial instruments issued by the Company are comprised of convertible debt that can be converted to share capital at a fixed price, at the option of the holder. The liability component of a compound financial instrument is recognized initially at the fair value which is equal to the net present value of future cash flows applying an interest rate at the date of issue of a similar liability that does not have an equity convertible option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is accreted to the face value over the term of the convertible debt. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest, accretion, losses and gains relating to the financial liability are recognized in profit or loss.

The Company uses the Black-Scholes Option Pricing Model to determine the fair value of derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate,

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(j) Convertible debenture and derivative liability (continued)

and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss).

(k) Financial instruments

The Company classifies its financial assets and liabilities in the following measurement categories:

i) Those to be subsequently measured at amortized cost; or
ii) Those to be subsequently measured at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss ("FVTPL"))

The classification is driven by the business model for managing the financial asset and their contractual cash flow characteristics. The Company classifies its financial instruments as follows:

Financial instrument	Classification under IFRS 9
Cash, Term deposits	Amortized cost
Amounts receivable	Amortized cost
Exploration advances	Amortized cost
Investments	FVOCI
Trade and other payables	Amortized cost
Loan	Amortized cost
Convertible debenture	Amortized cost
Derivative liability	FVTPL

At initial recognition financial assets and financial liabilities are measured at fair value less transaction costs except for financial assets classified as FVTPL, where transaction costs are expensed directly to profit or loss. The Company has elected to classify and measure its investments at FVOCI.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement. The levels of the fair value hierarchy are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 Inputs that are not based on observable market data.

The Company uses Level 1 inputs to value its investments. The Company uses level 3 inputs to value its derivative liability (Note 7).

(l) Accounting standards issued for adoption of future periods

Certain pronouncements were issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee that apply in accounting years beginning on or after January 1, 2024. Certain pronouncements were issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2024. They are not applicable or not expected to have a significant impact on the Company.

4. EXPLORATION AND EVALUATION ASSETS

Kato Gold Project and Other Japan Projects

On April 23, 2021, the Company completed the acquisition of privately owned Kronk Resources Inc. (name subsequently changed to BeMetals Japan Corp.) and its wholly owned subsidiary Kazan Resources KK (“Kazan”) which holds the rights to a portfolio of five gold exploration projects in Japan (the “Kazan Gold Transaction”). Pursuant to the Kazan Gold Transaction, the Company issued a total of 32,629,956 common shares to the former shareholders of BeMetals Japan Corp, with the fair value of the common shares issued amounting to $11,909,934 which was based on the closing price of the Company’s shares on the date of closing of the Kazan Gold Transaction ($0.365 per share).

As of December 31, 2023 the majority of expenditures incurred in Japan have been on the drilling program at the Kato Gold Project. The Company has submitted an application to the Japanese Ministry of Economy, Trade and Industry (“METI”) for the same area and prospecting rights on the Kato concessions. METI has acknowledged the receipt of, these first-in-line, applications and they are currently being processed. Upon award they are expected to be valid for 6 years in 2 year renewable periods.

The Company has also completed two initial scout drill holes at the Todoroki Project as well as carrying out surface sampling and analysis working towards defining drill targets at the other properties in Japan, which are the Hokusatsu, Konomai and Tashiro and Projects (collectively the “Other Japan Projects”).

Pangeni Copper Project

In February 2018, further to a November 2017 letter agreement, the Company confirmed the agreement (the “Pangeni Agreement”) with Copper Cross Zambia Limited (the “Pangeni Vendor”) for the right to acquire up to a 72% interest in the Pangeni Copper Project. This agreement and the transactions pursuant thereto (the “Pangeni Transaction”) was approved by the TSX-V in July 2018 in connection with the Company’s completion of its qualifying transaction. Subsequently, the Company has made certain amendments to the Pangeni Agreement as announced in January 2020 and June 2023.

Pursuant to the Pangeni Agreement, and including the January 2020 and June 2023 amendments, the Company can acquire an initial 67.5% interest in the Pangeni Copper Project by:

(a) making cash payments of US$250,000 and issuing a total of 780,500 common shares by February 2020 (completed);
(b) spending US$2,500,000 in exploration work by December 31, 2020 (completed);
(c) making a cash payment of US$100,000 by mid-June 2023 (completed);
(d) making a cash payment of US$350,000, of which up to US$225,000, at the Company’s option, may be satisfied by the issuance of the Company’s common shares by mid-June 2024;
(e) completing a Preliminary Economic Assessment (“PEA”) by (i) mid-June 2024 or (ii) any future date thereafter provided that the Company incur or fund not less than US$2,000,000 of expenditures on the Pangeni Copper Project annually, by mid-June of each year, until the completion of the PEA; and
(f) making a payment of US$700,000 as an advanced royalty reduction payment.

Following acquisition of the initial 67.5% interest the Company can acquire an additional 4.5% interest by completing a Feasibility Study and making a further cash payment of US$750,000 (a portion of which may be paid in common shares of BeMetals at the option of the Company).

At the commencement of the mine development phase, and following a feasibility study, a one-off milestone payment is payable, based upon total proven and probable mineral reserves, as follows: US$2,000,000 if less than 500 kilotonnes (“kt”) contained copper, US$3,000,000 if the contained copper is between 500 kt and 1,000kt, and US$6,000,000 if greater than 1,000kt contained copper. Upon commencement of production, Pangeni Mineral Resources Limited (“Pangeni Mineral”) is entitled to a 3% Net Smelter Royalty (which may be reduced to 2.5% following the US$700,000 royalty reduction payment above and further reduced to 1% following an additional

4. EXPLORATION AND EVALUATION ASSETS (continued)

Pangeni Copper Project (continued)

royalty reduction payment by the Company, determined by an internationally recognised valuator, which is not to exceed US$3,300,000).

Investment in the Pangeni Copper Project by JOGMEC

In March 2021, the Company entered into a joint exploration and option agreement (the "JOGMEC Agreement") with Japan Organization for Metals and Energy Security (Formerly Japan Oil, Gas and Metals National Corporation) ("JOGMEC") for an initial investment of US$1,500,000 from JOGMEC for money-in-the-ground exploration at the Pangeni Copper Project and additional ongoing pro-rata contributions.

Under the terms of the JOGMEC Agreement:

(a) by March 31, 2021, JOGMEC will fund US$1,000,000 for exploration expenditures by way of payment to BeMetals for exploration activities completed in the 2020 field program (completed); and
(b) during 2021, JOGMEC will also fund an additional US$500,000 in exploration expenditures (completed).

As result, JOGMEC has earned a 27.8% interest in BeMetals' option to acquire up to a 72% interest in the Pangeni Copper Project. Since earning its interest in the BeMetals option, JOGMEC has, and will continue to for the remainder of the agreed future exploration programs, fund exploration expenditures pro-rata in accordance with its 27.8% interest. In total, to date, JOGMEC has solely funded US$1,500,000 of exploration expenditures, and thereafter has funded all exploration expenditures to date on a pro-rata basis in accordance with its proportionate interest in the BeMetals option for the property. The above investments will provide JOGMEC with rights to an approximately 20% stake in the Pangeni Copper Project assuming the full exercise of all applicable underlying parties and optionees and BeMetals will retain rights to approximately 52%. BeMetals retains overall management control through the project's technical committee and its majority option position in the Pangeni Copper Project.

South Mountain Project

In February 2019, the Company entered into an option agreement for the rights to the South Mountain Project (the "South Mountain Agreement"). As part of the South Mountain Agreement, the Company acquired the right to explore at the South Mountain Project. On December 30, 2022 the Company opted to terminate the option and wrote-down $12,675,966 of previously capitalized expenditures on the South Mountain Project. The total write-down of $12,675,966 consisted of a $4,020,765 write-down of expenditures incurred to purchase the option to acquire the South Mountain Property and a write-down of $8,655,201 in Exploration and Evaluation expenditures incurred.

Capitalized Costs

The following table summarizes the capitalized costs associated with the Company's exploration and evaluation assets as at December 31, 2023 and 2022:

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

	South Mountain Project	Pangeni Copper Project	Kato Gold Project	Other Japan Projects	Total
Balance, December 31, 2021	$ 7,342,124	$ 3,442,408	$ 4,364,676	$ 9,236,911	$ 24,386,119
Consulting and wages	785,798	208,100	744,369	237,075	1,975,341
Drilling	210,306	1,523,856	1,695,342	-	3,429,504
Land fees / Lease payments	35,717	-	3,241	14,895	53,853
Professional fees	-	5,333	-	-	5,333
Share-based compensation	57,545	19,482	31,484	10,027	118,538
Site logistics	223,711	403,704	650,929	38,748	1,317,092
Write-down of expenditures	(8,655,201)	-	-	-	(8,655,201)
	-	5,602,883	7,490,041	9,537,656	22,630,580
Proceeds from JOGMEC	-	(582,180)			(582,180)
Balance, December 31, 2022	-	5,020,703	7,490,041	9,537,656	22,048,400
Consulting and wages	-	214,106	733,204	486,386	1,433,696
Drilling	-	2,137,195	2,583,825	168,257	4,889,277
Land fees / Lease payments	-	-	9,689	5,079	14,768
Professional fees	-	2,739	-	-	2,739
Share-based compensation	-	4,265	16,172	-	20,437
Site logistics	-	337,943	683,563	281,574	1,303,080
Transaction costs - cash	-	133,760	-	-	133,760
	-	7,850,711	11,516,494	10,478,952	29,846,157
Proceeds from JOGMEC	-	(817,108)	-	-	(817,108)
Balance, December 31, 2023	$ -	$ 7,033,603	$ 11,516,494	$ 10,478,952	$ 29,029,049

Exploration Advances

As at December 31, 2023, the Company had $195,104 (2022 – $350,491) in exploration advances of which $31,063 (2022 - $202,619) related to a drill contractor operating at the Kazan Properties and $164,041 (2022 - $147,872) to a contractor operating at the Pangeni Project.

5. INVESTMENTS

	As at December 31, 2023			As at December 31, 2022		
	Shares	**Fair Value**	**Cost**	Shares	Fair Value	Cost
Thunder Mountain shares	**2,500,000**	**$ 138,872**	**$ 334,725**	2,500,000	$ 277,652	$ 334,725

In September 2019, the Company acquired 2,500,000 common shares of Thunder Mountain in a private placement, pursuant to the South Mountain Agreement, at US$0.10 per share for a total cost of $334,725 (US$250,000). Thunder Mountain trades on the OTCQB under the symbol 'THMG'.

During the year ended December 31, 2023, the Company recognized an unrealized loss on investments of $138,780 (2022 – unrealized loss $181,926) on the statements of loss and comprehensive loss.

(Expressed in Canadian dollars)

6. LOANS

In August 2022, the Company entered into a loan agreement with B2Gold Corp. ("B2Gold"), a related party of the Company by virtue of a common director, for an unsecured loan in the principal amount of US$5,000,000 (the "Loan"). The Loan matures on August 4, 2025 and bears interest at a rate of 4.7% per annum. The interest on the Loan is to be paid or accrued annually at the discretion of the Company and the Loan is repayable in part or in full at any time without penalty. The Company did not incur any financing costs related to the Loan.

		US$
Balance, December 31, 2021	$ -	$ -
Loan principal	6,426,735	5,000,000
Interest, accrued	128,579	95,932
Foreign exchange loss	346,616	-
Balance, December 31, 2022	6,901,930	5,095,932
Interest, accrued	322,356	238,853
Foreign exchange gain	(168,502)	-
Balance, December 31, 2023	$ 7,055,784	$ 5,334,784

Bridge Loan

On July 31, 2023 the Company entered into a unsecured bridge loan (the "Bridge Loan") with B2Gold in the principal amount of $1,750,000, bearing interest at 7% per annum. The Bridge Loan had a term of six months and was repayable by BeMetals at any time in cash. The Bridge Loan was issued due to the timing for completing a shareholder meeting to gain shareholder approval for the closing of the $3.3 million convertible debenture offering (the "Offering") to B2Gold (Note 7). The Company did not issue any securities or pay any bonuses, commissions or finder's fees with regards to the Bridge Loan. Subsequent to obtaining shareholder approval the Bridge Loan was applied as partial subscription funds for the Offering and interest of $13,089 was paid during the year ended December 31, 2023. No amount was owed on the Bridge Loan as at December 31, 2023.

7. CONVERTIBLE DEBENTURE AND DERIVATIVE LIABILITY

On September 8, 2023, the Company issued a $3,300,000 convertible debenture (the "Debenture") to strategic investor B2Gold. B2Gold funded its subscription in the Debenture by applying the principal amount of the previously issued $1,750,000 Bridge Loan (Note 6) and by providing an additional $1,550,000 of new investment.

The Debenture matures on September 8, 2028 and bears an interest rate of 7% per annum calculated and compounded annually in arrears on each anniversary date, being September 8 of each year. The principal amount of the Debenture is convertible into common shares of BeMetals at the option of the holder at any time on or before the maturity date at a price of $0.25 per common share. Accrued interest on the Debenture is convertible into common shares at the option of the holder on the maturity date at a price per common share that is the greater of $0.25 and market price at the time of conversion (subject to prior approval by the TSX-V).

The debenture is a compound instrument, and the proceeds are required to be bifurcated to record the fair value of the separate debt and equity components. The fair value of the debt was determined using a discounted cash flow model using an estimated market interest rate for equivalent debt of 16%. The initial fair value of the debt was calculated to be $2,204,046 with the residual portion of $1,095,954 allocated to equity. Transaction costs totalled $43,903, of which $29,322 were allocated to the liability component and offset the carrying value and are amortized using the effective interest method as finance costs over the expected life of the Debenture and $14,581 were allocated to the equity component.

(Expressed in Canadian dollars)

7. CONVERTIBLE DEBENTURE (continued)

Balance, December 31, 2021 and 2022	$	-
Proceeds		3,300,000
Transaction costs allocated to liability component		(29,322)
Equity component		(1,095,954)
Interest, accrued		72,148
Accretion		38,958
Balance, December 31, 2023	$	2,285,830

An embedded derivative is attached to the interest portion of the convertible debenture since it does not meet the fixed-for-fixed criteria as the number of shares to settle accrued interest could vary. The embedded derivative liability is initially measured at fair value using the Black-Scholes Option Pricing model and re-measured at the end of each reporting period with changes in fair value reported in profit and loss. The initial fair value of the embedded derivative was determined to be $nil and at period end on December 31, 2023 was $8,660 (2022: $nil) with the Company recording an unrealized loss on derivative liability of $8,660 during the year ended December 31, 2023 (2022: $nil).

The following assumptions were used to estimate the fair value of the embedded derivative:

	December 31, 2023	September 8, 2023
Volatility	71.33%	68.50%
Expected life (years)	4.69	5.00
Risk free rate	3.17%	3.96%
Expected dividend yield	0.00%	0.00%
Underlying share price of the Company	$ 0.085	$ 0.165
Conversion price	$ 0.250	$ 0.250

8. EQUITY

(a) Authorized

Unlimited common shares with no par value
Unlimited preferred shares with no par value

(b) Issued and fully paid common shares

Year ended December 31, 2023

No shares were issued during the year ended December 31, 2023.

Year ended December 31, 2022

No shares were issued during the year ended December 31, 2022.

(c) Warrants

During the year ended December 31, 2023 no warrants were exercised or issued by the Company.

(Expressed in Canadian dollars)

8. EQUITY (continued)

(c) Warrants (continued)

During the year ended December 31, 2022 no warrants were exercised or issued by the Company and 1,076,006 warrants expired unexercised.

Following is a summary of changes in warrants outstanding:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2021	1,076,006	$ 0.40
Expired	(1,076,006)	0.40
Balance, December 31, 2022, and December 31, 2023	**-**	**$ -**

(d) Share options

The Company has an incentive share option plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with TSX-V requirements, grant non-transferable share options to purchase common shares, provided that the number of common shares reserved for issuance in any twelve-month period will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant at a price not less than the closing price of the Company's shares on the last trading day before the grant of such options. Each option vesting period is determined on a grant by grant basis by the Board of Directors.

No share options were issued during the years ended December 31, 2023 and December 31, 2022.

Share-based compensation expense recognized for the vesting of options during the year ended December 31, 2023, was $167,982 (2022 - $742,682), of which $20,437 (2022 - $118,538) was capitalized to exploration and evaluation assets on the consolidated statements of financial position, and $147,545 (2022 - $624,144) was expensed directly to the consolidated statements of loss and comprehensive loss.

Following is a summary of changes in share options outstanding:

	Number of options	Weighted average exercise price
Balance, December 31, 2021	17,220,000	$ 0.29
Cancelled	(225,000)	0.43
Balance, December 31, 2022, and December 31, 2023	**16,995,000**	**$ 0.29**

The following table summarizes information about share options outstanding at December 31, 2023:

Outstanding	Exercisable	Exercise price	Expiry date
2,520,000	2,520,000	$ 0.060	December 9, 2026
2,250,000	2,250,000	0.240	February 27, 2028
750,000	750,000	0.210	October 1, 2028
3,600,000	3,600,000	0.235	January 7, 2030
750,000	750,000	0.365	July 15, 2030
5,725,000	5,725,000	0.425	June 1, 2031
750,000	750,000	0.425	July 7, 2031
650,000	650,000	0.270	November 19, 2031
16,995,000	16,995,000		

9. RELATED PARTY TRANSACTIONS

Included within fees and salaries are amounts paid to key management personnel, which are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

During the year ended December 31, 2023, key management personnel compensation, including directors and officers, was comprised of $783,386 (2022 - $1,097,847), of which $91,781 related to share-based compensation, $523,479 related to fees and salaries and $168,126 was capitalized to Exploration and evaluation assets (2022 - $417,304, $528,986 and $141,557 respectively).

During the year ended December 31, 2023, the Company paid or accrued fees of $215,611 (2022 - $412,683) to B2Gold that were capitalized to Exploration and evaluation assets. During the year ended December 31, 2022, the Company entered into a US$5 million loan agreement with B2Gold (Note 6). On July 31, 2023 the Company reached an agreement with B2Gold for an unsecured $1.75 million Bridge Loan (Note 6) that was subsequently applied as partial subscription towards a $3.3 million Debenture which was entered into on September 8, 2023 (Note 7).

As at December 31, 2023 amounts included in accounts payable and accrued liabilities due to related parties was $31,627 (2022: $84,335).

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

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

Fair Value of Financial Instruments

Cash, term deposit, amounts receivable, exploration advances, trade and other payables, derivative liability and loan are carried at amortized cost which approximates fair value due to the short-term nature of these instruments. Common shares of publicly traded companies included in investments are classified as FVOCI. The derivative liability is classified as FVTPL.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and amounts receivable. The Company reduces its credit risk by maintaining its bank accounts at a large international financial institution. The maximum exposure to credit risk is equal to the carrying value of these financial assets.

Liquidity risk

Liquidity risk is the risk that the Company wpill not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. As at December 31, 2023, the Company had current liabilities of $211,587 and working capital of $772,137 (Note 1).

The Company's Loan with a principal owing of US$5,000,000 matures on August 4, 2025. The Loan bears interest at a rate of 4.7% per annum which can be paid or accrued annually at the discretion of the Company (Note 6). The Company's $3,300,000 Debenture matures on September 8, 2028 and bears interest at a rate of 7.0%. The Company also has commitments or option payments arising in 2024 related to the Pangeni Copper Project (Note 4).

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company's reporting currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars and the Japanese Yen. A portion of the Company's exploration and evaluation expenditures are incurred in Zambia, but are predominantly transacted in US dollars. The Company maintains Canadian dollar and US dollar bank accounts in Canada and Japanese Yen ("¥") bank accounts in Japan. The Company is subject to gains and losses from fluctuations in the US dollar and the Yen against the Canadian dollar. The Company held a net monetary liability position of $6,745,388 in US dollars and a net monetary asset position of $352,300 in Japanese Yen as of December 31, 2023, with the effect on profit or loss before tax of a 10% fluctuation to the CAD dollar being $640,365.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates and interest payable on the B2Gold Loan and convertible debenture which are both at a fixed rate. Changes in short-term interest rates will not have a significant effect on the fair value of the Company's cash account.

Price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including copper, zinc, silver, gold, and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations. In addition, the Company's investments which are comprised of publicly traded equity securities are subject to price risk.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of the Company's business is in exploration.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company is exposed to price risk with respect to its investment in THMG (Note 5).

(Expressed in Canadian dollars)

11. CAPITAL MANAGEMENT

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in interest bearing Canadian chartered bank accounts.

The capital structure of the Company includes shareholders' equity. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management.

12. SEGMENTED INFORMATION

The Company operates in one segment, being exploration and evaluation of mineral properties, in Zambia and Japan. Geographic segmentation is as follows:

December 31, 2023	Zambia	Japan	Total
Exploration and evaluation assets	$ 7,033,603	$ 21,995,446	$ 29,029,049

December 31, 2022	Zambia	Japan	Total
Exploration and evaluation assets	$ 5,020,703	$ 17,027,697	$ 22,048,400

13. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2023	2022
Loss for the year	**$ (1,995,833)**	$ (14,738,051)
Canadian federal and provicncial income tax rates	**27.00%**	27.00%
Expected income tax recovery	**$ (539,000)**	$ (3,979,000)
Increase (decrease) due to:		
Permanent Difference	**20,000**	217,000
Income tax benefit not recognised	**248,000**	3,017,000
Differences in foreign tax rates	**(14,000)**	753,000
Foreign exchange	**285,000**	(8,000)
Total income tax expense	**$ -**	$ -

(Expressed in Canadian dollars)

13. INCOME TAX (continued)

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2023	2022	Expiry Date Range
Exploration and evaluation assets	**$ -**	$ 13,083,000	No expiry date
Non-capital losses - Canada	7,739,000	7,198,000	2028 to 2043
Non-capital losses - Japan	2,844,000	2,742,000	2025 to 2033
Non-capital losses - USA	12,844,000	-	No expiry date
Marketable securities and loan payable	380,000	404,000	No expiry date
Share issue costs	166,000	306,000	2042 to 2046
	$ 23,973,000	$ 23,733,000	

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. SUBSEQUENT EVENTS

On January 8, 2024, the Company issued a $2,000,000 convertible debenture (the "Second Debenture") to strategic investor B2Gold. The Second Debenture matures on January 8, 2029 and bears an interest rate of 7% per annum calculated and compounded annually in arrears on each anniversary date, being January 8 of each year. The principal amount of the Second Debenture is convertible into common shares of BeMetals at the option of the holder at any time on or before the maturity date at a price of $0.25 per common share. Accrued interest on the Second Debenture is convertible into common shares at the option of the holder on the maturity date at a price per common share that is the greater of $0.25 and market price at the time of conversion (subject to prior approval by the TSX-V).