



## **CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
MAY 31, 2024 AND 2023**

**(Expressed in Canadian Dollars)**

## Independent Auditor's Report

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To the Shareholders of:  
**GRANITE CREEK COPPER LTD.**

### Opinion

We have audited the consolidated financial statements of Granite Creek Copper Ltd. ("the Company"), which comprise the consolidated statements of financial position as at May 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, 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

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 period. These matters were addressed in the context of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a key audit matter to be communicated in our report.

### Evaluation of Assessment of Impairment Indicators of Exploration and Evaluation Assets

As described in Note 5, the carrying value of the Company's exploration and evaluation assets and related deferred costs is \$8,679,435 as at May 31, 2024. Management assesses at each reporting period-end whether there is an indication that an asset or group of assets is impaired. If such indicator exists, the asset's recoverable amount is estimated. Assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash generating unit or CGU). An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Management applies significant judgement in order to assess whether indicators of impairment exist. Impairment indicators include internal and external factors, such as (i) evidence indicating that the Group's right to explore the area has expired or will expire in the near future, (ii) management does not have any plans to continue exploration expenditures, (iii) lack of evidence to support technical feasibility or commercial viability, and (iv) facts and circumstances that suggest that the carrying amount exceeds recoverable amount. No impairment indicators were identified by management as at May 31, 2024.

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We considered this a key audit matter due to (i) the significance of the mineral properties and related deferred costs in the consolidated financial statements, (ii) the level of subjectivity required in applying audit procedures to assess the factors considered by management in its assessment of impairment indicators, and (iii) the significant auditor attention and audit effort the matter required.

### **Audit Response**

We responded to this matter by performing procedures over management's assessment of indicators of impairment which included the following:

- Obtained, for a sample of claims, by reference to government registries, evidence to support the right to explore the area and claim expiration dates;
- Reviewed internal and external resources, such as current year exploration expenditures and planned work programs and budgets to evidence continued and planned exploration expenditures;
- Assessed the Company's market capitalization to net assets ratio at May 31, 2024; and
- Assessed whether there are facts and circumstances that could indicate that the carrying values of the exploration and evaluation assets may not be recoverable, based on evidence obtained in other areas of the audit.

### **Other Information**

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

Our opinion on the consolidated financial statements does not cover the other information and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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.

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

*WDM*

*Chartered Professional Accountants*

Vancouver, B.C.  
September 27, 2024



# GRANITE CREEK COPPER LTD.

## Consolidated Statements of Financial Position (Expressed in Canadian Dollars)

	Note	May 31, 2024	May 31, 2023
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		879,167	886,989
Receivables		69,656	60,972
Due from a related party	11(b)	91,482	-
Prepaid expenses and deposits	4	30,915	33,392
		<b>1,071,220</b>	<b>981,353</b>
<b>Non-current</b>			
Reclamation bonds	5	80,300	80,300
Exploration and evaluation assets	5	8,679,435	8,579,435
		<b>9,830,955</b>	<b>9,641,088</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		330,685	341,588
Due to related parties	11(b)	100,012	853,271
Flow-through share premium liability	7	88,457	46,381
		<b>519,154</b>	<b>1,241,240</b>
<b>Non-current</b>			
Severance liability	9	796,907	724,272
Due to a related party	8, 11(b)	395,033	377,119
		<b>1,711,094</b>	<b>2,342,631</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	20,852,623	18,991,090
Subscriptions received in advance	10	-	279,975
Share-based payment reserve	10	1,153,712	1,465,836
Foreign currency translation reserve		(3,586)	(3,586)
Deficit		(13,882,888)	(13,434,858)
		<b>8,119,861</b>	<b>7,298,457</b>
		<b>9,830,955</b>	<b>9,641,088</b>

Nature of Operations and Going Concern – Note 1  
Commitments – Note 16

Approved on behalf of the Board:

“Timothy A. Johnson”, Director

“Michael Rowley”, Director

# GRANITE CREEK COPPER LTD.

Consolidated Statements of Loss and Comprehensive Loss  
For the Years Ended May 31, 2024 and 2023  
(Expressed in Canadian Dollars)

	Note	2024	2023
		\$	\$
<b>EXPENSES</b>			
Consulting and management fees	11(a)	291,000	276,334
Corporate advisory fees		90,725	121,080
Exploration expenditures	6,11(a)	48,974	1,388,062
Investor relations		81,099	120,270
Office and administration		40,173	50,124
Professional fees		142,194	87,099
Property evaluation		3,290	20,925
Share-based payment expense	10(e),11(a)	69,638	240,434
Transfer agent, regulatory and filing fees		37,996	48,991
Travel and accommodation		12,993	16,115
		<b>(818,082)</b>	<b>(2,369,434)</b>
<b>Other Items</b>			
Flow-through share premium liability recovery	7	19,192	229,756
Interest expense		(25,540)	(10,284)
Severance liability accretion expense	9	(72,635)	(65,843)
Gain on settlement of debt		17,289	70,511
		<b>(879,776)</b>	<b>(2,145,294)</b>
<b>NET LOSS AND COMPREHENSIVE LOSS</b>			
		<b>(879,776)</b>	<b>(2,145,294)</b>
<b>Basic and diluted loss per share</b>			
		<b>(0.01)</b>	<b>(0.02)</b>
<b>Weighted average number of shares outstanding</b>			
		<b>159,448,309</b>	<b>138,982,294</b>

# GRANITE CREEK COPPER LTD.

## Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

	Note	Common Shares number	Share Capital \$	Subscriptions Received in Advance \$	Share-based Payment Reserve \$	Foreign Currency Translation Reserve \$	Deficit \$	Total \$
<b>Balance, May 31, 2022</b>		<b>135,410,808</b>	<b>17,940,545</b>	<b>-</b>	<b>1,771,498</b>	<b>(3,586)</b>	<b>(11,872,400)</b>	<b>7,836,057</b>
Private placements, net of issue costs	10(b)	15,353,939	1,033,968	-	51,620	-	-	1,085,588
Flow-through share premium liability	7,10(b)	-	(130,803)	-	-	-	-	(130,803)
Funds received in advance	10(b)	-	-	279,975	-	-	-	279,975
Shares issued on exercise of options	10(b)	500,000	54,880	-	(14,880)	-	-	40,000
Shares issued on exercise of warrants	10(b)	300,000	22,500	-	-	-	-	22,500
Shares issued per property agreements	5	1,000,000	70,000	-	-	-	-	70,000
Share-based payment expense	10(e)	-	-	-	240,434	-	-	240,434
Reclass of expired options	10(e)	-	-	-	(60,014)	-	60,014	-
Reclass of expired warrants	10(e)	-	-	-	(522,822)	-	522,822	-
Net loss and comprehensive loss		-	-	-	-	-	(2,145,294)	(2,145,294)
<b>Balance, May 31, 2023</b>		<b>152,564,747</b>	<b>18,991,090</b>	<b>279,975</b>	<b>1,465,836</b>	<b>(3,586)</b>	<b>(13,434,858)</b>	<b>7,298,457</b>
Private placements, net of issue costs	10(b)	45,703,000	1,922,801	-	49,984	-	-	1,972,785
Flow-through share premium liability	7,10(b)	-	(61,268)	-	-	-	-	(61,268)
Funds received in advance	10(b)	-	-	(279,975)	-	-	-	(279,975)
Share-based payment expense	10(e)	-	-	-	69,638	-	-	69,638
Reclass of expired warrants	10(e)	-	-	-	(96,186)	-	96,186	-
Reclass of expired options	10(e)	-	-	-	(335,560)	-	335,560	-
Net loss and comprehensive loss		-	-	-	-	-	(879,776)	(879,776)
<b>Balance, May 31, 2024</b>		<b>198,267,747</b>	<b>20,852,623</b>	<b>-</b>	<b>1,153,712</b>	<b>(3,586)</b>	<b>(13,882,888)</b>	<b>8,119,861</b>

**GRANITE CREEK COPPER LTD.**  
Consolidated Statements of Cash Flows  
For the Years Ended May 31, 2024 and 2023  
(Expressed in Canadian Dollars)

	Note	2024	2023
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net loss for the year		(879,776)	(2,145,294)
Items not involving cash:			
Flow-through share premium liability recovery	7	(19,192)	(229,756)
Interest expense		17,914	10,284
Share-based payment expense	10(e),11(a)	69,638	240,434
Severance liability accretion expense	9	72,635	65,843
Gain on settlement of debt		(17,289)	(70,511)
		(756,070)	(2,129,000)
Net change in non-cash working capital items	12	(844,562)	786,450
<b>Cash used in operating activities</b>		<b>(1,600,632)</b>	<b>(1,342,550)</b>
<b>INVESTING ACTIVITY</b>			
Acquisition of exploration and evaluation assets	5	(100,000)	(148,179)
<b>Cash used in investing activity</b>		<b>(100,000)</b>	<b>(148,179)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds received from private placements	10(b)	1,768,450	1,123,210
Share issue costs	10(b)	(75,640)	(37,622)
Proceeds received in advance	10(b)	-	279,975
Proceeds from exercise of warrants	10(b)	-	22,500
Proceeds from exercise of options	10(b)	-	40,000
<b>Cash provided by financing activities</b>		<b>1,692,810</b>	<b>1,428,063</b>
<b>CHANGE IN CASH</b>		<b>(7,822)</b>	<b>(62,666)</b>
<b>Cash, beginning of year</b>		<b>886,989</b>	<b>949,655</b>
<b>CASH, END OF YEAR</b>		<b>879,167</b>	<b>886,989</b>

Supplemental cash flow information (Note 12)



# GRANITE CREEK COPPER LTD.

Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

Granite Creek Copper Ltd. (the “Company”) was incorporated on June 23, 2010 under the British Columbia Business Corporations Act. The Company’s principal business activities include the acquisition, exploration and development of mineral properties. The address of the Company’s corporate office and its principal place of business is Suite 904, 409 Granville Street, Vancouver, BC, V6C 1T2. The Company is a reporting issuer and trades on the TSX Venture Exchange in Canada under the symbol “GCX”.

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which 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 ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve profitable operations. The Company has sustained losses from operations and has an ongoing requirement for capital investment to acquire and explore its mineral properties.

The Company incurred a net loss of \$879,776 (2023 - \$2,145,294) during the year ended May 31, 2024, and as of that date, had an accumulated deficit of \$13,882,888 (2023: \$13,434,858) and working capital of \$552,066 (2023 – working capital deficit \$259,887). At May 31, 2024, the Company had a total of \$1,071,220 (2023 - \$981,353) in current assets and \$1,191,940 (May 31, 2023 - \$1,101,391) in long term debt.

While the Company has been successful in obtaining the necessary financing to cover its corporate operating costs and advance the development of its projects through the issuance of common shares and the exercise of warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. There remain material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

### Statement of compliance

The Company’s consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors approved these consolidated financial statements on September 27, 2024.

## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### a) Basis of Consolidation

The consolidated financial statements include the results or financial information of Granite Creek Copper Ltd. and its wholly-owned subsidiaries listed in the following table:

<u>Name</u>	<u>Country of incorporation</u>
Copper North Mining Corp.	Canada
Carmacks Mining Corp.	Canada
Granite Creek (Barbados) Limited (inactive)	Barbados
Granite Creek (Mali) Sarl (inactive)	Mali
838232 Yukon Inc.	Canada

A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company’s control over the subsidiary ceases. All intercompany balances and transactions have been eliminated upon consolidation.

# GRANITE CREEK COPPER LTD.

Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

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## b) Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect amounts reported in the consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and subject to measurement uncertainty. The effect on the consolidated financial statements of changes in such estimates in future reporting periods could be significant. Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the consolidated financial statements include the following:

### *Impairment of long-lived assets*

The carrying value of mineral property acquisition costs is reviewed each reporting period to determine whether there is any indication of impairment. The determination of the impairment involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties, and the results of exploration and evaluation to date.

### *Determination of, and provision for, reclamation and remediation obligations*

The Company assesses its provision for asset retirement obligations on an annual basis or when new material information becomes available. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

### *Deferred taxes*

The Company recognizes a deferred tax asset to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. In addition, changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

### *Share-based payments*

Share-based payments are determined using the Black-Scholes option pricing model at the date of grant and are expensed to net loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

## c) Exploration and Evaluation Assets

All expenditures related to the acquisition of mineral properties are capitalized on a property-by-property basis, net of recoveries which are recorded when received, until these mineral properties are placed into commercial production, sold or abandoned. If commercial production is achieved from a mineral property, the related mineral properties are tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to profit or loss in that period.

All expenditures related to the exploration and evaluation of mineral properties, net of recoveries which are recorded when received, are expensed to net loss in the period in which they are incurred.

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the

# GRANITE CREEK COPPER LTD.

## Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

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optionee, and accordingly, option payments are recognized when paid or received. If recoveries are received and exceed the capitalized expenditures, the excess is reflected in profit or loss.

All capitalized mineral property costs are reviewed at each reporting date, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the carrying value, provision is made for the impairment in value. The amounts capitalized for mineral properties represent costs incurred to date less write-downs, and are not intended to reflect present or future values.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and, as such, title may be affected.

### **d) Related Party Transactions**

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

### **e) Share Capital**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. Proceeds from the issue of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against share proceeds prorated to common shares and share purchase warrants.

### **f) Non-monetary Transactions**

Shares issued for non-monetary consideration to non-employees are recorded at the fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance. Shares to be issued, which are contingent upon future events or actions, are recorded by the Company when it is reasonably determinable that the shares will be issued.

### **g) Share-based Payments**

Share-based payments for employees are measured at fair value of the instruments issued on the date of grant and amortized over the vesting period. Share-based payments for non-employees are measured at either the fair value of the goods or services received or the fair value of the equity instrument issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded on the date the goods or services are received. The fair value of stock options is charged to profit or loss using the graded vesting method, with the offset credited to share-based payment reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related fair value previously recorded is transferred from share-based payment reserve to share capital. Upon expiry or cancellation, related fair value previously recorded is transferred from share-based payment reserve to deficit.

# GRANITE CREEK COPPER LTD.

## Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

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### **h) Flow-through Shares**

The Company has financed a portion of its exploration expenditures through the issuance of flow-through shares. Canadian income tax law permits the Company to transfer the tax deductibility of qualifying resource expenditures financed by such shares to the flow-through shareholders.

On issuance, the Company allocates the flow-through share proceeds into i) share capital, ii) warrants, and iii) a flow-through share premium, if any, using the residual value method. If investors pay a premium for the flow-through feature, it is recognized as a liability. Upon incurring qualifying expenditures, the Company reduces the liability and recognizes a deferred income tax recovery in income for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. At the end of a period, the flow-through share premium liability consists of the portion of the premium on flow-through shares that corresponds to the portion of qualifying exploration expenditures that have not yet been incurred.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a prescribed period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

### **i) Loss per Share**

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options, warrants and similar instruments that would be anti-dilutive.

### **j) Income Taxes**

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enactment date.

Deferred tax assets also result from unused tax losses carried forward, resource related tax pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits 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.

### **k) Financial Instruments**

#### Classification

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as fair value through profit and loss ("FVTPL"). For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as fair value through other comprehensive income (loss) ("FVTOCI"). Financial liabilities are measured at amortized

# GRANITE CREEK COPPER LTD.

## Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

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cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

### Measurement - Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

### Measurement - Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the Consolidated Statements of Comprehensive Income or Loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the Consolidated Statements of Comprehensive Income or Loss in the period in which they arise.

### Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the Consolidated Statements of Comprehensive Income or Loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

## **I) Recent accounting pronouncements**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB. The following was adopted by the Company during the year.

IAS 1, Presentation of Financial Statements ("IAS 1") and IFRS Practice Statement 2, Making Materiality Judgements -Disclosure of Accounting Policies(the "Practice Statement"): In February 2021, the IASB issued amendments to IAS 1 and the Practice Statement to provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of materiality concept when making judgments about accounting policy disclosures. The adoption of these amendments did not have a material impact on the Consolidated Financial Statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"): In February 2021, the IASB issued amendments to IAS 8 – Definition of Accounting Estimates to help entities to distinguish between accounting policies and accounting estimates. The amendments clarify that accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty" and that a change in an accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The adoption of these amendments had no impact on the Consolidated Financial Statements.

### **New accounting standards issued but not yet effective**

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

# GRANITE CREEK COPPER LTD.

Notes to the Consolidated Financial Statements  
For the Years Ended May 31, 2024 and 2023  
(Expressed in Canadian Dollars)

## 4. PREPAID EXPENSES AND DEPOSITS

	2024	2023
	\$	\$
Prepaid expenses	30,915	33,392
	<b>30,915</b>	<b>33,392</b>

## 5. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation acquisition costs is presented below:

	Carmacks North	Carmacks	Star	LS Moly	Total
	\$	\$	\$	\$	\$
<b>Balance, May 31, 2022</b>	<b>279,078</b>	<b>8,082,178</b>	-	-	<b>8,361,256</b>
Acquisition costs – cash	-	-	10,000	-	10,000
Acquisition costs – shares	-	-	40,000	30,000	70,000
Advance royalty payments	30,000	100,000	-	-	130,000
Licensing & maintenance	-	-	8,179	-	8,179
<b>Balance, May 31, 2023</b>	<b>309,078</b>	<b>8,182,178</b>	<b>58,179</b>	<b>30,000</b>	<b>8,579,435</b>
Advance royalty payments	-	100,000	-	-	100,000
<b>Balance, May 31, 2024</b>	<b>309,078</b>	<b>8,282,178</b>	<b>58,179</b>	<b>30,000</b>	<b>8,679,435</b>

### Carmacks North (previously named Stu Project)

In January 2019, the Company acquired an undivided 100% interest in Carmacks North (formerly Stu Project) in Yukon Territory, Canada from arms-length vendors (the "Vendors"). In consideration, the Company issued an aggregate of 3,000,000 units (each, a "Transaction Unit") valued at \$225,000 and granted a 3% net smelter return royalty to the Vendors on any future production on the Stu Property (the "Royalty"). The Company has the option to purchase up to two-thirds of the Royalty from the Vendors. The agreement also provides that the Company will make annual advance Royalty payments of \$30,000 to the Vendors beginning in May 2022, and in each subsequent year thereafter, until the commencement of any commercial production on Carmacks North.

### Carmacks Project

The Company acquired 100% of the Carmacks Project, an oxide copper, gold, and silver deposit located in Yukon, Canada, on November 27, 2020.

At February 29, 2024, \$2.1 million has been paid in advance royalty payments. The Company is required to make an advance royalty payment of \$100,000 in any year in which the average daily copper price reported by the London Metal Exchange is US\$1.10 per pound or greater. (Last paid on January 26, 2024). Any production from the Carmacks Project is subject to either a 15% net profits interest or a 3% net smelter return royalty, at the Company's election. If the Company elects to pay the net smelter return royalty, it has the right to purchase the royalty for \$2.5 million, less any advance royalty payments made to that date.

Carmacks Mining Corp. holds a Guaranteed Investment Certificate in the amount of \$80,300 in safekeeping for the Yukon Government. This amount represents the estimated reclamation cost for the work performed to date on the property.

# GRANITE CREEK COPPER LTD.

Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

## Star Property

During the year ended May 31, 2023, the Company acquired the Star Cu-Ni-Platinum Group Metal project, located in the Omineca mineral belt of northern British Columbia. The Company secured a 100% interest in the Star project, with no underlying royalty or further obligation, for a total consideration of \$10,000 in cash and the issuance of 500,000 common shares of the Company (valued at \$40,000).

## LS (formerly Lucky Ship) Molybdenum Property

The Company entered into an agreement to acquire a 100% interest in the LS (formerly Lucky Ship) molybdenum property. Under the terms of the agreement the Company has the option to acquire the 100% interest by issuing 3,750,000 common shares over a three-year period and completing exploration work equivalent to two years' worth of assessment credit during the first two years of the agreement and four years' worth of assessment credit in the third year of the agreement. The Company issued 500,000 common shares of the Company (valued at \$30,000) under the agreement during the year ended May 31, 2023.

Subsequent to May 31, 2024 year end, 750,000 common shares were issued in relation to the agreement.

## 6. EXPLORATION EXPENDITURES

The Company incurred exploration expenses for the year ended May 31, 2024 as follows:

	<b>Carmacks North</b>	<b>Carmacks</b>	<b>LS Moly</b>	<b>Total</b>
	\$	\$		\$
Analysis	-	64	2,747	2,811
Camp	-	8,485	-	8,485
Consulting	439	50,847	5,100	56,386
Equipment and communication	-	12,910	1,150	14,060
Helicopter and fuel	-	6,601	350	6,951
Transport	-	1,422	2,460	3,882
	439	80,329	11,807	92,575
Less: Government Grant	-	(43,601)	-	(43,601)
	<b>439</b>	<b>36,728</b>	<b>11,807</b>	<b>48,974</b>

The Company incurred exploration expenses for the year ended May 31, 2023 as follows:

	<b>Carmacks North</b>	<b>Carmacks</b>	<b>Star</b>	<b>Total</b>
	\$	\$	\$	\$
Analysis	521	52,422	3,363	56,306
Camp	197,157	135,508	5,480	338,145
Consulting	44,128	796,970	12,693	853,791
Drilling	-	3,864	-	3,864
Equipment and communication	3,216	38,234	1,502	42,952
Helicopter and fuel	17,867	38,654	568	57,089
Permitting	-	1,033	-	1,033
Transport	-	29,424	5,458	34,882
	<b>262,889</b>	<b>1,096,109</b>	<b>29,064</b>	<b>1,388,062</b>

# GRANITE CREEK COPPER LTD.

Notes to the Consolidated Financial Statements  
For the Years Ended May 31, 2024 and 2023  
(Expressed in Canadian Dollars)

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## 7. FLOW-THROUGH SHARE PREMIUM LIABILITY

A summary of the changes in the Company's flow-through share premium liability was as follows:

	\$
<b>Balance, May 31, 2022</b>	<b>145,334</b>
Flow-through share premium on the issuance of flow-through common shares	130,803
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	<u>(229,756)</u>
<b>Balance, May 31, 2023</b>	<b>46,381</b>
Flow-through share premium on the issuance of flow-through common shares	61,268
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	<u>(19,192)</u>
<b>Balance, May 31, 2024</b>	<b><u>88,457</u></b>

## 8. LOANS

The Company acquired loans through the acquisition of Copper North Mining Corp. ("Copper North"). Copper North entered into a promissory note for \$100,000 on February 5, 2020. The promissory note bears interest at the rate of 5% per annum. The loan's due date was re-negotiated during the year ended May 31, 2023 and is now due on February 28, 2028. The balance as at May 31, 2024 is \$121,604 (2023 - \$116,590) including accrued interest and included in long-term due to related parties (Note 11).

During the year ended May 31, 2023, Copper North entered into a promissory note for \$257,287 to repay accounts payable. The promissory note bears interest of 5% per annum and is due on February 28, 2028. The balance as at May 31, 2024 is \$273,429 (2023 - \$260,529) including accrued interest and included in long-term due to related parties (Note 11).

## 9. SEVERANCE LIABILITY

On June 16, 2020 the Company's subsidiary, Copper North Mining Corp, reached a Settlement Agreement with the departing CEO which resolves all outstanding claims for unpaid wages, severance, and unpaid expenses. The settlement amount of \$880,957 is due and payable in June 2025 with provisions for earlier payment or shares-for-debt settlement under certain conditions and subject to approvals as may be required.

As the severance liability is non-current, it was discounted to its present value on inception of the liability, using a 10% interest rate. During the year ended May 31, 2024 accretion expense of \$72,635 (2023 - \$65,843) was recorded for a balance as at May 31, 2024 of \$796,907 (2023 - \$724,272).



# GRANITE CREEK COPPER LTD.

Notes to the Consolidated Financial Statements  
For the Years Ended May 31, 2024 and 2023  
(Expressed in Canadian Dollars)

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## 10. SHARE CAPITAL

### a) Authorized

Unlimited common shares without par value

### b) Share issuance details

#### *Year ended May 31, 2024*

- On March 25, 2024, the Company closed a private placement for aggregate gross proceeds of \$1,500,00 by issuing a total of 37,500,000 units at a price of \$0.04 per unit. Each unit consisted of one common share of the Company and one share purchase warrant, entitling the holder to acquire one common share of the Company at an exercise price of \$0.07 for a period of 24 months following the closing date of the private placement.

In connection with the private placement the Company issued 1,018,500 finders' warrants, at an exercise price of \$0.07 per share for a period of 24 months following the closing date. The finders' warrants were valued at \$8,505 using the Black-Scholes option pricing model. The Company also incurred cash share issuance costs of \$52,163.

- On June 13, 2023, the Company closed the second tranche of a private placement for aggregate gross proceeds of \$548,425 by issuing a total of 3,749,667 flow-through ("FT") units at a price of \$0.075 per unit and 4,453,333 non-FT units at a price of \$0.06 per unit. The Company received \$279,975 during May 2023, in advance, of the second tranche of the private placement closing.

The 3,749,667 FT units were issued at \$0.075 per unit for total gross proceeds of \$281,225. Each unit consists of one FT share of the Company and one-half share purchase warrant. Each whole warrant will entitle the holder to acquire one FT share of the Company at an exercise price of \$0.15 per share for a period of 24 months following the closing date. The Company allocated \$13,725 to warrant reserve using the Black-Scholes option pricing model and \$61,628 was allocated to flow-through share premium liability using the residual value method.

The 4,453,333 non-FT units were issued at \$0.06 per unit for gross proceeds of \$267,200. Each unit consists of one common share of the Company and one-half share purchase warrant. Each whole warrant will entitle the holder to acquire one non-FT common share of the Company at an exercise price of \$0.12 per share for a period of 36 months following the closing date. The Company allocated \$22,267 to warrant reserve using the residual value method.

In connection with the private placement the Company issued 266,200 finders' warrants, at an exercise price of \$0.15 per share for a period of 24 months following the closing date. The finders' warrants were valued at \$2,420 using the Black-Scholes option pricing model. The Company also issued 200,000 finders' warrants, at an exercise price of \$0.12 per share for a period of 36 months following the closing date. The finders' warrants were valued at \$3,067 using the Black-Scholes option pricing model. The Company also incurred cash share issuance costs of \$23,477.

#### *Year Ended May 31, 2023*

- On May 18, 2023, the Company closed the first tranche of a private placement for aggregate gross proceeds of \$716,750 by issuing a total of 4,436,667 flow-through ("FT") units at a price of \$0.075 per unit and 6,400,000 non-FT units at a price of \$0.06 per unit.

The 4,436,667 FT units were issued at \$0.075 per unit for total gross proceeds of \$332,750. Each unit consists of one FT share of the Company and one-half share purchase warrant. Each whole warrant will entitle the holder to acquire one FT share of the Company at an exercise price of \$0.15 per share for a period of 24 months following the closing date. The Company allocated \$46,381 to flow-through share premium liability and allocated \$20,169 to warrant reserve using the residual value method.

# GRANITE CREEK COPPER LTD.

## Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

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The 6,400,000 non-FT units were issued at \$0.06 per unit for gross proceeds of \$384,000. Each unit consists of one common share of the Company and one-half share purchase warrant. Each whole warrant will entitle the holder to acquire one non-FT common share of the Company at an exercise price of \$0.12 per share for a period of 36 months following the closing date.

In connection with the private placement the Company also incurred cash share issuance costs of \$19,965.

- On December 15, 2022, the Company closed the second tranche of a private placement for aggregate gross proceeds of \$134,700 by issuing a total of 472,727 FT shares at a price of \$0.11 per share and 1,102,667 non-FT units at a price of \$0.075 per unit.

The 472,727 FT shares were issued at \$0.11 per share for total gross proceeds of \$52,000. The Company allocated \$26,000 to flow-through share premium liability using the residual value method.

The 1,102,667 non-FT units were issued at \$0.075 per unit for gross proceeds of \$82,700. Each unit consists of one common share of the Company and one share purchase warrant. Each whole warrant will entitle the holder to acquire one non-FT common share of the Company at an exercise price of \$0.10 per share for a period of 24 months following the closing date. The Company allocated \$22,053 to warrant reserve using the residual value method.

In connection with the private placement the Company also incurred cash share issuance costs of \$3,880.

- On October 6, 2022, the Company closed the first tranche of a private placement for aggregate gross proceeds of \$271,760 by issuing a total of 1,460,546 FT shares and 1,481,332 non-FT units.

The 1,460,546 FT shares were issued at \$0.11 per share for total gross proceeds of \$160,660. The Company allocated \$58,422 to flow-through share premium liability using the residual value method.

The 1,481,332 non-FT units were issued at \$0.075 per unit for gross proceeds of \$111,010. Each unit consists of one common share of the Company and one share purchase warrant. Each whole warrant will entitle the holder to acquire one non-FT common share of the Company at an exercise price of \$0.10 per share for a period of 24 months following the closing date. The Company allocated \$7,407 to warrant reserve using the residual value method.

In connection with the private placement the Company issued 115,678 brokers' warrants. Each brokers' warrant will entitle the holder to acquire one non-FT common share of the Company at an exercise price of \$0.10 per share for a period of 24 months following the closing date. The brokers' warrants were valued at \$1,991 using the Black-Scholes option pricing model. The Company also incurred cash share issuance costs of \$13,777.

- During the year ended May 31, 2023, the Company issued 500,000 common shares pursuant to the exercise of 500,000 options with a weighted average exercise price of \$0.08 per share for total gross proceeds of \$40,000. The weighted average share price on the date of exercise was \$0.07.
- During the year ended May 31, 2023, the Company issued 300,000 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.075 per share for total gross proceeds of \$22,500. The weighted average share price on the date of exercise was \$0.07.
- During the year ended May 31, 2023, the Company issued 500,000 common shares pursuant to the mineral property agreement related to the Star Property. Also, the Company issued 500,000 common shares pursuant to the mineral property agreement related to the LS Molybdenum Property (Note 5).

# GRANITE CREEK COPPER LTD.

Notes to the Consolidated Financial Statements  
For the Years Ended May 31, 2024 and 2023  
(Expressed in Canadian Dollars)

## c) Stock options

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price \$
<b>Balance, May 31, 2022</b>	<b>14,094,000</b>	<b>0.16</b>
Granted	4,300,000	0.08
Exercised	(500,000)	0.08
Expired/Cancelled	(405,000)	0.21
<b>Balance, May 31, 2023</b>	<b>17,489,000</b>	<b>0.15</b>
Granted	5,095,000	0.08
Expired/Cancelled	(3,374,000)	0.15
<b>Balance, May 31, 2024</b>	<b>19,210,000</b>	<b>0.13</b>
<b>Exercisable, May 31, 2024</b>	<b>13,001,667</b>	<b>0.15</b>

The following stock options were outstanding as at May 31, 2024:

Outstanding	Exercisable	Weighted average exercise price \$	Expiry date	Weighted average remaining life (in years)
2,850,000	2,850,000	0.10	June 19, 2025	1.05
1,420,000	1,420,000	0.14	August 21, 2025	1.22
2,360,000	2,360,000	0.22	March 17, 2026	1.79
125,000	125,000	0.22	May 15, 2026	1.96
300,000	300,000	0.16	October 6, 2026	2.35
3,260,000	3,260,000	0.20	February 14, 2027	2.71
360,000	360,000	0.10	August 2, 2027	3.17
3,065,000	2,076,667	0.08	January 10, 2028	3.61
375,000	250,000	0.08	May 2, 2028	3.92
1,970,000	-	0.07	April 22, 2026	1.89
3,125,000	-	0.08	May 28, 2029	4.99
<b>19,210,000</b>	<b>13,001,667</b>	<b>0.13</b>		<b>2.70</b>

## d) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price \$
<b>Balance, May 31, 2022</b>	<b>45,706,421</b>	<b>0.21</b>
Issued	8,118,010	0.12
Exercised	(300,000)	0.08
Expired	(38,138,907)	0.21
<b>Balance, May 31, 2023</b>	<b>15,385,524</b>	<b>0.21</b>
Issued	43,086,198	0.08
Expired	(1,652,514)	0.06
<b>Balance, May 31, 2024</b>	<b>56,819,208</b>	<b>0.08</b>

# GRANITE CREEK COPPER LTD.

Notes to the Consolidated Financial Statements  
For the Years Ended May 31, 2024 and 2023  
(Expressed in Canadian Dollars)

The following share purchase warrants were outstanding as at May 31, 2024:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (in years)
	\$		
2,905,000	0.075	June 5, 2025	1.01
2,710,000	0.075	June 11, 2025	1.03
115,678	0.10	October 6, 2024	0.35
1,481,332	0.10	October 6, 2024	0.35
1,102,667	0.10	December 15, 2024	0.54
2,218,333	0.15	May 18, 2025	0.96
3,200,000	0.12	May 18, 2026	1.96
200,000	0.12	June 13, 2026	2.04
266,200	0.15	June 13, 2025	1.04
1,874,833	0.15	June 13, 2025	1.04
2,226,665	0.12	June 13, 2025	1.04
37,500,000	0.070	March 25, 2026	1.82
1,018,500	0.070	March 25, 2026	1.82
<b>56,819,208</b>	<b>0.08</b>		<b>1.62</b>

## e) Share-based payment expense and reserve

The Company granted incentive stock options to Directors, Officers and consultants of the Company during the year ended. The fair value of the stock options granted was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2024	2023
Risk free interest rate	3.87%	3.39%
Expected life in years	3.84	5.0
Expected volatility	63.35%	56.32%
Expected dividends	Nil	Nil

During the year ended May 31, 2024, total share-based payment expense was \$69,638 (2023 - \$240,434) in respect of the vesting of previously granted stock options and newly granted options and was recorded in profit or loss. The weighted average fair value on grant date of the options granted during the year ended May 31, 2024 was \$45,836 (2023 - \$89,976), or \$0.02 (2023 - \$0.03) per option.

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

The fair value of the 1,018,500 finders' warrants, valued at \$8,505, that were issued during the year ended May 31, 2024 described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	3.55%
Expected life in years	2.0
Expected volatility	65%
Expected dividends	Nil

The fair value of the 266,200 finders' warrants, valued at \$2,420, that were issued during the year ended May 31, 2024 described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	4.22%
Expected life in years	2.0
Expected volatility	69%
Expected dividends	Nil

# GRANITE CREEK COPPER LTD.

## Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

The fair value of the 1,874,833 flow-through warrants, valued at \$13,725, that were issued during the year ended May 31, 2024 described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	4.22%
Expected life in years	2.0
Expected volatility	69%
Expected dividends	Nil

The fair value of the 200,000 finders' warrants, valued at \$3,067, that were issued during the year ended May 31, 2024 described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	4.47%
Expected life in years	3.0
Expected volatility	69%
Expected dividends	Nil

The fair value of the 115,678 brokers' warrants, valued at \$1,991, that were issued during the year ended May 31, 2023 pursuant to the October 2022 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	3.87%
Expected life in years	2.0
Expected volatility	61%
Expected dividends	Nil

The fair value of the 2,218,333 flow-through warrants, valued at \$20,169, that were issued during the year ended May 31, 2023 pursuant to the May 2023 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	4.22%
Expected life in years	2.0
Expected volatility	69%
Expected dividends	Nil

During the year ended May 31, 2024, the Company reclassified \$335,560 (2023 - \$60,014) from share-based payment reserve to deficit with respect to options that expired during the period and the Company reclassified \$96,186 (2023 - \$522,822) from share-based payment reserve to deficit with respect to warrants that expired during the period.

### 11. RELATED PARTY TRANSACTIONS AND BALANCES

Key management are the persons responsible for the planning, directing, and controlling the activities of the Company. They include both executive officers and directors, and entities associated and controlled by such persons including the following:

- TruePoint Exploration Inc. ("TruePoint") is a privately held exploration service company that provides exploration and administrative services to the Company as well as to other exploration companies. Costs covered by TruePoint include exploration expenditures (technical work on the project such as drilling, sampling and geophysics), consulting, investor relations and corporate development costs and other admin costs. Timothy Johnson, President and CEO of the Company, and Michael Rowley, a director of the Company, are minority shareholders of TruePoint;
- 1111040 BC Ltd., a private company controlled by the President and CEO of the Company; and
- MVR Consulting Inc., a private company controlled by Michael Rowley, Director.

The amounts paid by the Company for the services provided by key management have been determined by negotiation among the parties and are reviewed and approved by the Company's Board. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

# GRANITE CREEK COPPER LTD.

## Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

### a) Compensation

Compensation paid or payable to key management for the years ended May 31, 2024 and 2023 were as follows:

	2024	2023
	\$	\$
Consulting and management fees <sup>(1)</sup>	199,187	233,340
Share-based payment expense <sup>(2)</sup>	9,392	44,441
Exploration and administrative support costs <sup>(3)</sup>	448,550	1,383,452
	<b>657,129</b>	<b>1,661,233</b>

<sup>1</sup> Consulting fees for the years ended May 31, 2024 and 2023 consisted of fees earned by key management personnel including the CEO and CFO.

<sup>2</sup> Share-based payment expense is a non-cash item that consisted exclusively of the fair value of stock options that were granted to key management personnel.

<sup>3</sup> Transactions with TruePoint for the year ended May 31, 2024 consisted of exploration expenditures \$301,065 (2023: \$1,194,191), investor relations and corporate development fees \$119,463 (2023: \$176,875) and other/office fees \$28,022 (2023: \$12,386).

### b) Balances

The Company's balances due from and owing to key management consistent of the following:

	2024	2023
	\$	\$
<b>Current assets – Due from a related party</b>		
TruePoint, net <sup>(1)</sup>	91,482	-
	<b>91,482</b>	<b>-</b>
<b>Current liabilities – Due to related parties</b>		
TruePoint, net <sup>(1)</sup>	-	689,885
Tim Johnson	19,204	62,053
Michael Rowley	4,725	-
1111040 BC Ltd	58,750	84,000
Loy Chunpongtong (Director) <sup>(2)</sup>	17,333	17,333
	<b>100,012</b>	<b>853,271</b>

<sup>1</sup> This amount was the net of cash advances made to TruePoint, for future exploration offset by charges from TruePoint.

<sup>2</sup> This amount is related to director fees payable by Copper North Mining Corp. for the time Mr. Chunpongtong served as a Copper North Mining Corp. director prior to its acquisition by the Company.

Current amounts due to and due from key management are unsecured, non-interest-bearing, and have no formal terms of repayment.

	2024	2023
	\$	\$
<b>Long-term liabilities – Due to a related party</b>		
TruePoint, Promissory notes (Note 8)	395,033	377,119
	<b>395,033</b>	<b>377,119</b>

# GRANITE CREEK COPPER LTD.

Notes to the Consolidated Financial Statements  
For the Years Ended May 31, 2024 and 2023  
(Expressed in Canadian Dollars)

## 12. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the years ended May 31, 2024 and 2023 consisted of the following:

	2024	2023
	\$	\$
Receivables	(8,684)	(39,213)
Due (from) to related parties	(844,741)	545,451
Prepaid expenses and deposits	2,477	243,742
Accounts payable and accrued liabilities	6,386	36,470
	<u>(844,562)</u>	<u>786,450</u>

During the year ended May 31, 2024, non-cash transactions consisted of the following:

- (i) issuing 1,018,500 finders' warrants, valued at \$8,505 pursuant to a private placement described in Note 10(b);
- (ii) issuing 466,200 finders' warrants, valued at \$5,487 pursuant to a private placement described in Note 10(b); and
- (iii) writing off accounts payable of \$17,289, resulting in a gain on settlement of debt of \$17,289.

During the year ended May 31, 2023, non-cash transactions consisted of the following:

- (iv) issuing 500,000 common shares pursuant to the purchase of the Star property;
- (v) issuing 500,000 common shares pursuant to the acquisition of the LS Moly property;
- (vi) issuing 115,678 brokers' warrants, valued at \$1,991 pursuant to the October 2022 private placement described in Note 10(b); and
- (vii) writing off accounts payable of \$70,511, resulting in a gain on settlement of debt of \$70,511.

## 13. FINANCIAL INSTRUMENTS

### a) Categories of Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, due from a related party, accounts payable and accrued liabilities and due to related parties. Cash, accounts receivable, due from a related party, accounts payable and accrued liabilities and due to related parties are classified as amortized cost.

As at May 31, 2024, the Company believes the carrying values of cash, receivables, accounts payable and accrued liabilities, due to related parties and short-term loans approximate their fair values due to the short period to maturity.

### b) Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, currency risk, interest rate risk, credit risk, and other price risk.

The Company's exposure to these risks and its methods of managing the risks are summarized as follows:

#### i) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities and through management of its capital structure.

# GRANITE CREEK COPPER LTD.

## Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

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As at May 31, 2024, all of the Company's financial liabilities had contractual maturities of less than 90 days, except for the severance liability (Note 9) and certain loans due to related parties (Note 8). The Company may not have sufficient cash to meet requirements for administrative overhead, maintaining its mineral interests and continuing with its exploration program in the following twelve months. The Company may be required to raise additional capital in the future to fund its operations.

### ii) Currency Risk

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar. The Company does not manage currency risks through hedging or other currency management tools and considers the risks related to foreign currency are not significant at this time. The Company is not exposed to material currency risk.

### iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Based on the current cash balances and expected future interest rates, the Company is not exposed to material interest rate risk.

### iv) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk mainly in respect to managing its cash. The Company mitigates such credit risk by risk management policies that require significant cash deposits or any short-term investments be invested with Canadian chartered banks rated BBB or better. All investments must be less than one year in duration.

### v) Other Price Risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

## 14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to support the acquisition, exploration, and development of its exploration and evaluation assets.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders.

The Company does not have any externally imposed capital requirements to which it is subject. There were no changes in the Company's approach to capital management during the year ended May 31, 2024.



# GRANITE CREEK COPPER LTD.

Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

## 15. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

	<u>2024</u>	<u>2023</u>
	\$	\$
Net loss for the year	(879,776)	(2,145,294)
Canadian federal and provincial income tax rates	27%	27%
Expected income tax recovery at statutory rate	(237,540)	(579,229)
Increase (decrease) due to:		
Non-deductible expenditures and other permanent differences	11,564	147,088
Flow-through share spending to be renounced	37,176	339,949
Unrecognized deferred tax assets	209,223	101,000
Tax benefit of share issue costs	(20,423)	(8,808)
Income tax recovery as booked	-	-

The components of unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset has been recognized consist of the following amounts:

	<u>2024</u>	<u>2023</u>
	\$	\$
Exploration and evaluation assets	(160,409)	(145,865)
Other	276,385	277,311
Non-capital losses	4,379,250	4,154,556
Unrecognized temporary differences and non-capital losses	4,495,226	4,286,002

In assessing the ability to realize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets are deductible.

As at May 31, 2024, the Company's unrecognized Canadian non-capital losses expire as follows:

	\$
2030	133,000
2031	18,000
2032	2,045,000
2033	901,000
2034-2044	13,122,000
	<u>16,219,000</u>

# GRANITE CREEK COPPER LTD.

Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

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## 16. COMMITMENTS

As a result of the issuance of FT shares in October 2022 and December 2022, the Company had a commitment to incur \$212,660 on qualifying Canadian exploration expenditures prior to December 31, 2023. At May 31, 2024, the Company had incurred the full \$212,660 of those qualifying expenditures.

As a result of the issuance of FT shares in May 2023, the Company had a commitment to incur \$332,750 on qualifying Canadian exploration expenditures prior to December 31, 2024. At May 31, 2024, the Company had incurred \$137,690 of those qualifying expenditures and an unspent commitment of \$195,060.

As a result of the issuance of FT shares in June 2023, the Company had a commitment to incur \$281,225 on qualifying Canadian exploration expenditures prior to December 31, 2024. At May 31, 2024, the Company had incurred \$nil of those qualifying expenditures and an unspent commitment of \$281,225.