FIRST NORDIC METALS CORP. (FORMERLY BARSELE MINERALS CORP.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars - Unaudited)

MARCH 31, 2024

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

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

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of financial statements by an entity's auditor.

FIRST NORDIC METALS CORP. (FORMERLY BARSELE MINERALS CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars - Unaudited)
As at

		March 31, 2024		December 31, 2023
ASSETS				
Current				
Cash	$	678,508	$	128,236
Restricted cash (Note 7)		-		267,500
Receivables		82,454		72,817
Prepaid expenses		94,649		34,544
		855,611		503,097
Equity investment - exploration and evaluation assets (Note 5)		1		1
Exploration and evaluation assets (Note 4,6)		6,221,626		-
	$	7,077,238	$	503,098
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 10)	$	1,754,556	$	190,687
Subscriptions received in advance (Note 7)		-		267,500
		1,754,556		458,187
Shareholders' equity				
Share capital (Note 7)		17,097,387		11,674,926
Reserves (Note 7)		7,201,730		6,819,430
Deficit		(18,976,435)		(18,449,445)
		5,322,682		44,911
	$	7,077,238	$	503,098

Nature and continuance of operations (Note 1)
Subsequent event (Note 13)

Approved and authorized by the board on May 30, 2024

/s/ Toby Pierce	Director	*/s/ Taj Singh*	Director
Toby Pierce		Taj Singh	

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

FIRST NORDIC METALS CORP. (FORMERLY BARSELE MINERALS CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - Unaudited)

	Three months ended March 31, 2024	Three months ended March 31, 2023
EXPLORATION EXPENSES		
General exploration (Notes 5, 10)	$ 123,777	$ 74,610
GENERAL EXPENSES		
Consulting	44,500	3,000
Foreign exchange loss (gain)	(10,405)	748
Investor relations (Note 10)	61,367	52,480
Management fees (Note 10)	204,873	115,500
Office and administrative (Note 10)	72,716	76,979
Professional fees	17,186	11,155
Transfer agent and filing fees	12,976	9,666
	403,213	269,528
Loss and comprehensive loss for the period	$ (526,990)	$ (344,138)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	160,295,891	137,295,660

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

FIRST NORDIC METALS CORP. (FORMERLY BARSELE MINERALS CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars - Unaudited)

	Common Shares	Share Capital	Reserves	Deficit	Total Shareholders' Equity
Balance, December 31, 2022	137,295,660	11,286,576	6,533,113	(16,621,919)	1,197,770
Loss and comprehensive loss	-	-	-	(344,138)	(344,138)
Balance, March 31, 2023	137,295,660	11,286,576	6,533,113	(16,966,057)	853,632
Issuance of common shares	2,000,667	300,100	-	-	300,100
Share issuance costs	-	(19,881)	-	-	(19,881)
Stock options exercised	287,500	108,131	(7,507)	-	100,624
Share-based payments	-	-	293,824	-	293,824
Loss and comprehensive loss	-	-	-	(1,483,388)	(1,483,388)
Balance, December 31, 2023	139,583,827	11,674,926	6,819,430	(18,449,445)	44,911
Shares issued for:					
Acquisition (Note 4,7)	35,747,716	4,289,726	-	-	4,289,726
Private placement (Note 7)	8,082,399	1,212,360	-	-	1,212,360
Share issuance costs (Note 7)	-	(79,625)	18,625	-	(61,000)
Acquisition - options (Note 7)	-	-	126,020	-	126,020
Acquisition - warrants (Note 7)	-	-	237,655	-	237,655
Loss and comprehensive loss	-	-	-	(526,990)	(526,990)
Balance, March 31, 2024	183,413,942	$ 17,097,387	$ 7,201,730	$ (18,976,435)	$ 5,322,682

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

FIRST NORDIC METALS CORP. (FORMERLY BARSELE MINERALS CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars - Unaudited)

	Three months ended March 31, 2024	Three months ended March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (526,990)	$ (344,138)
Changes in non-cash working capital items:		
Receivables	59,210	(17,460)
Prepaid expenses	(24,702)	(39,583)
Accounts payable and accrued liabilities	(122,732)	(94,038)
Cash used in operating activities	(615,214)	(495,219)
CASH FLOWS FROM INVESTING ACTIVITY		
Cash acquired on acquisition of Gold Line Resources Ltd.	14,126	-
CASH FLOWS FROM FINANCING ACTIVITY		
Private placements	1,212,360	-
Share issuance costs	(61,000)	-
Cash provided by financing activities	1,151,360	-
Change in cash during the period	550,272	(495,219)
Cash, beginning of period	128,236	1,253,348
Cash, end of period	$ 678,508	$ 758,129

Supplemental disclosure with respect to cash flows (Note 9)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

First Nordic Metals Corp. (formerly Barsele Minerals Corp.) (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on February 20, 2013. The Company's principal business activities include the acquisition and exploration of mineral properties in Sweden and Finland. On March 18, 2024, subsequent to the closing of the transaction with Gold Line Resources Ltd. (Note 12), the Company changed its name to First Nordic Metals Corp. The Company's shares trade on the TSX Venture Exchange under the trading symbol FNM.

The head office of the Company is located at Suite 300 - 1055 West Hastings Street, Vancouver, BC, Canada, V6C 2E9. The registered address and records office of the Company is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada, V6C 2X8.

On February 23, 2024, the Company closed the transaction to acquire 100% of the shares of Gold Line Resources Ltd. ("Gold Line"), a Canadian exploration company listed on the TSX-V and OTC Exchange, for total consideration of $4,754,444 (Note 4).

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has limited financial resources and no source of operating cash flow. While the Company has been successful in obtaining certain funding in 2022 and 2023, there is no assurance that such future financing will be available or be available on favourable terms. The Company had incurred a loss of $526,990 for the three months ended March 31, 2024, and accumulated losses of $18,976,435 as of March 31, 2024. 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.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

2. BASIS OF PREPARATION

a) *Statement of compliance*

These condensed consolidated interim financial statements have been prepared in accordance with accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB).

b) *Basis of measurement*

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

c) *Basis of consolidation*

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, being Gold Line Resources Holdings Ltd. (British Columbia, Canada), Gold Line Resources Sweden AB (Sweden), GLR Finland Oy (Finland), Solvik Gold OB (Sweden), Nordic Route Explorations Ltd. (British Columbia, Canada), and Nordic Route Explorations AB (Sweden).

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries, including entities which the Company controls, are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

2. BASIS OF PREPARATION (cont'd…)

Critical accounting estimates

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based payments expense is estimated using the Black-Scholes option pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and an estimated forfeiture rate.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Exploration and evaluation assets

The Company is currently in the exploration stage with its mineral interest. Exploration and evaluation costs include the costs of acquiring concessions, and the fair value, upon acquisition, of mineral properties acquired in a business combination. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets not considered a financial asset may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Investment in associate

Associated companies over which the Company has significant influence are accounted for using the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received. The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated.

Objective evidence of impairment of equity investment includes:

- Significant financial difficulty of the associated companies;
- Becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or
- National or local economic conditions that correlate with defaults of the associated companies.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

Financial instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

a) Classification and measurement of financial assets and liabilities

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets depends on the purpose for which the financial assets were acquired. The Company's financial assets consist of cash, restricted cash, and receivables classified at amortized cost. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Financial instruments (cont'd…)

Amortized cost: This category includes accounts payable and accrued liabilities and subscriptions received in advance, all of which are recognized at amortized cost.

b) Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets are measured at amortized cost and subject to the ECL model.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the Company operates. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's equity investment is the Swedish Krona. 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, the 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 profit or loss.

Where applicable, the functional currency of an entity is translated into the presentation currency using the period-end rates for assets and liabilities while the operations and cash flows are translated using average rates of exchange. Exchange adjustments arising when net assets and profit or loss are translated into the presentation currency are taken into a separate component of equity and reported in other comprehensive income or loss.

Share Capital

Equity financing transactions may involve issuance of common shares or units. A unit comprises of a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and are included in share capital with the common shares that were concurrently issued.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants.

The fair value of stock options granted to directors, officers, employees and consultants is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period as an expense, with a corresponding increase in reserves. Consideration paid for the shares on the exercise of stock options is credited to share capital. When the stock options are exercised, the corresponding amount is transferred to share capital.

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 payments. Otherwise, share-based payments are measured at the fair value of the goods or services received.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Loss per share

The Company recognizes the dilutive effect on income or loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred taxes. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

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

New standards adopted by the Company

The following amendments have been effective for annual reporting periods beginning on or after January 1, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Company concludes that the effect of such amendments did not have a material impact and therefore did not record any adjustments to the condensed consolidated interim financial statements.

(Expressed in Canadian Dollars - Unaudited)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

New accounting standards issued and not yet effective

Certain IFRS pronouncements that are mandatory for accounting years beginning on or after January 1, 2024 have been issued. The Company anticipates that the application of these new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

4. ACQUISITION OF GOLD LINE RESOURCES LTD.

On February 23, 2024, the Company completed the acquisition of all the issued and outstanding common shares of Gold Line whereby each Gold Line shareholder received 0.7382 common shares of the Company in exchange for one common share of Gold Line (the "Arrangement"). Pursuant to the Arrangement, the Company issued 35,747,716 common shares with a fair value of $4,289,726. Gold Line was a Canadian exploration company listed on the TSX-V and OTC Exchange. On completion of the Arrangement, Gold Line's common shares were delisted from the TSX-V and OTC Exchange.

As part of the Arrangement, all outstanding share options and warrants of Gold Line were exchanged for share options to acquire up to an aggregate of 1,550,220 common shares of the Company. All outstanding warrants of Gold Line are now exercisable to acquire 14,188,255 common shares of the Company.

The transaction costs associated with the Arrangement totaled $101,043 and is comprised of legal fees and transfer agent fees.

The acquisition of Gold Line constitutes an asset acquisition and has been accounted for under the acquisition method in accordance with the guidance provided in IFRS 3, Business Combinations ("IFRS 3"). The assets acquired did not quality as a business according to the definition in IFRS 3, and therefore the acquisition did not constitute a business combination, but rather it is treated as a payment of equity consideration for the acquisition of Gold Line and its net assets. The value of the consideration paid after allocation to the other net assets acquired, was allocated to exploration and evaluation assets, which are located in Sweden and Finland.

The total consideration for the acquisition of the assets and liabilities of Gold Line assumed on acquisition were as follows:

		Total
Cost of acquisition:		
Common shares issued	$	4,289,726
Transaction costs		101,043
Value of options		126,020
Value of warrants		237,655
Total consideration		**$4,754,444**
Allocated as follows:		
Cash		14,126
Receivables		35,403
Prepaid expenses		68,847
Exploration and evaluation assets		6,221,626
Accounts payable		(1,585,558)
	$	**4,754,444**

(Expressed in Canadian Dollars - Unaudited)

5. EQUITY INVESTMENT - EXPLORATION AND EVALUATION ASSETS

Barsele Project

On September 25, 2015, a 45% interest in the Barsele Project which includes Gunnarn Mining AB and Gunnarn Exploration AB (collectively "Barsele JV") was transferred from Orex Minerals Inc. ("Orex") to the Company pursuant to a plan of arrangement. The Barsele Project is now a joint venture with Agnico Eagle Mines Limited ("Agnico"). As part of the joint venture agreement, Agnico committed to spend US $7 million on Project expenditures over three years and can earn an additional 15% interest in Gunnarn Mining AB, which owns the Barsele Project, if it completes a pre-feasibility study.

As Agnico has elected to solely-fund the expenditures on behalf of the Barsele JV until completion of the pre-feasibility study, the Company does not have any responsibility for expenditures or net liabilities of the Barsele JV until such point that Agnico has earned its additional 15% interest. Summarized financial information for the Barsele JV is as follows:

		March 31, 2024		December 31, 2023
Current assets	$	464,250	$	593,960
Non-current assets		14,392,756		6,444,805
Current liabilities		3,597,812		3,243,546
Loss/(gain) for the year		(23,541)		2,761,229
Comprehensive loss/(gain) for the year		(854,502)		2,064,586
The Company's ownership %		45%		45%
The Company's share of loss for the year	$	Nil	$	Nil

As at March 31, 2024 and 2024, the Company's investment in Barsele JV was $1. The Company's unrecognized share of the gain for the three months ended March 31, 2024 was approximately $10,593 (2023 – loss of $233,432). The Company has a minority position on the board of its associated company Gunnarn Mining AB and does not control operational decisions. The Company's judgment is that it has significant influence, but not control and therefore equity accounting is appropriate.

Exploration expenses reported for the three months ended March 31, 2024 of $56.000, (2023 - $74,610) were incurred to meet the Company's reporting obligations, and to monitor its interest in the Barsele JV, and are non-recoverable.

6. EXPLORATION AND EVALUATION ASSETS

As part of the acquisition of Gold Line (Note 4) the Company acquired its exploration and evaluation assets. The following tables summarize the capitalized costs associated with the Company's exploration and evaluation assets:

		Gold Line Project		Klippen Gold Project		Oijärvi Gold Project		Total
Acquisition Costs								
February 23, 2024	$	3,522,377	$	844,217	$	1,855,032	$	6,221,626
Balance, March 31, 2024	$	3,522,377	$	844,217	$	1,855,032	$	6,221,626

(Expressed in Canadian Dollars - Unaudited)

. 6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Oijärvi Gold Project, Finland and Solvik Gold Project, Sweden

As part of the acquisition of Gold Line the Company acquired its Oijärvi Gold Project located in central Finland and the Solvik Gold Project located in southern Sweden. Gold Line and EMX Royalty Corporation ("EMX) previously entered into a definitive agreement (the "AEM Agreement") with Agnico Eagle Mines Limited (NYSE and TSX: AEM; "Agnico") pursuant to which the Company will acquire a 100% interest in Agnico's Oijärvi Gold Project and the Solvik Gold Project (the "AEM Transaction"). Agnico will retain a 2% net smelter return ("NSR") royalty on the projects, 1% of which may be purchased at any time by EMX for US$1,000,000.

On May 1, 2023, the Company entered into an amending agreement to the AEM Agreement.

In connection with the amending agreement, the Gold Line issued 1,327,989 common shares (issued) of the Company on May 1, 2023 and is required to make a cash payment in the amount of US$87,500 on or before June 30, 2023 (not paid).

As a result of the Amending Agreement, total consideration for the transaction will be US$10,175,000, comprised of US$7,087,500 in cash, US$1,500,000 in common shares of EMX Royalty Corp. and US$1,587,500 in common shares of the Company, which is required to be paid (or has been paid) to Agnico as follows:

Date	Cash Payments (USD)	EMX Shares (USD)	Gold Line Shares (USD)
Upon TSXV approval	$750,000 (paid)	$375,000 (issued)	$375,000 (issued)
On the first anniversary of the AEM Agreement (March 19, 2022)	$1,500,000 (paid)	$500,000 (issued)	$500,000 (issued)
On the second anniversary of the AEM Agreement (March 19, 2023)	$87,500 (not paid)	-	$87,500 (issued)
On the third anniversary of the AEM Agreement (March 19, 2024)	$4,750,000 (not paid)	$625,000 (not issued)	$625,000 (not issued)
Total	**$7,087,500**	**$1,500,000**	**$1,587,500**

As part of the AEM Agreement, EMX will receive cash and share payments from the Company as set out in the revised table below, as well as the purchase right of 1% of Agnico's 2% NSR royalty.

Date	Cash Payments (USD)	Gold Line Shares Issued to EMX (USD)
Upon TSXV approval	-	$375,000 (issued)
On the first anniversary of the AEM Agreement (March 19, 2022)	$250,000 (paid)	$250,000 (issued)
On the third anniversary of the AEM Agreement (March 19, 2024)	$312,500 (not paid)	$312,500 (not issued)

The Company is currently negotiating with Agnico and EMX to extend the payment arrangements and to reflect the revised share issuance commitments as a result of the acquisition transaction completed on February 23, 2024.

7. SHARE CAPITAL AND RESERVES

Authorized

Unlimited number of common shares without par value.

Issued

In connection with the Arrangement, the Company closed a concurrent private placement. In January and February 2024 prior to closing of the Arrangement, the Company had issued a total of 8,082,399 subscription receipts at a price of $0.15 per unit for gross proceeds of $1,212,360. Upon closing of the Arrangement, each subscription receipt was converted into one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase one common shares of the Company at a price equal to $0.25 per share for a period of two years. The Company paid finder's fees of $50,845 and issued 338,967 finder warrants. The finder warrants have the same terms as the warrants described above. The finders warrants were valued using the Black Scholes option pricing model and was estimated to be $18,625.

Stock Options

The Company has a plan to grant stock options to directors, officers, employees and consultants of the Company. Under the plan, the Board of Directors has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Stock options are generally for a term of up to five years from the date granted and are exercisable at a price that is not less than the market price on the date granted.

Vesting terms are determined at the discretion of the board of directors. Options issued to consultants providing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the options vesting in any three-month period.

On April 6, 2023, the Company granted 575,000 stock options to an investor relations firm. The stock options have an exercise price of $0.35 per share, expire two years from the date of grant and vest in equal quarterly instalments over 12 months. The Company used the Black Scholes option pricing model to estimate the fair value of the options to be $0.17. The following assumptions were used: risk free interest rate of 3.75%, dividend yield of 0%, expected volatility of 86.89% and expected life of 2 years.

On December 22, 2023, the Company granted 2,700,000 stock options to directors, officers and consultants. The stock options have an exercise price of $0.17 per share, expire five years from the date of grant and vest immediately. The Company used the Black Scholes option pricing model to estimate the fair value of the options to be $0.10. The following assumptions were used: risk free interest rate of 3.23%, dividend yield of 0%, expected volatility of 89.41% and expected life of 5 years.

On February 23, 2024, the Company issued 1,550,220 options to previous option holders of Gold Line Resources Ltd. in accordance with the Arrangement (Note 4). The options are exercisable at $0.15 per share and will expire on December 22, 2028. The options were all fully vested on the acquisition date. The Company used the Black Scholes option pricing model to estimate the fair value of the options to be $126,020. The following assumptions were used: risk free interest rate of 3.81%, dividend yield of 0%, expected volatility of 91.18% and expected life of 4.84 years.

The share-based payments expense for stock options granted and vested during the three months ended March 31, 2024 was $Nil (2023 – $Nil).

(Expressed in Canadian Dollars - Unaudited)

7. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options (cont'd…)

Stock option transactions are summarized as follows:

	Options		Options Weighted average exercise price
Outstanding, December 31, 2022 and March 31, 2023	6,575,000	$	0.62
Expired	(2,325,000)		0.63
Granted	3,275,000		0.20
Exercised	(287,500)		0.35
Outstanding, December 31, 2023	7,237,500		0.44
Issued on acquisition of Gold Line	1,550,220		0.15
Outstanding, March 31, 2024	8,787,720	$	0.39
Exercisable, March 31, 2024	8,787,720	$	0.39

The following stock options to acquire common shares of the Company were outstanding at March 31, 2024:

Number of Shares	Exercise Price	Expiry Date
1,700,000	$0.53	December 19, 2024
2,250,000	0.65	February 3, 2026
300,000	0.76	May 28, 2026
287,500	0.35	April 6, 2025
2,700,000	0.17	December 22, 2028
1,550,220	0.15	December 22, 2028
8,787,720		

Warrants

The finders' warrants are exercisable at an average of $0.25 per share and will expire on January 18, 2026, January 26, 2026 and February 9, 2026 respectively. The warrants were all fully vested on the date of issuance. The Company used the Black Scholes option pricing model to estimate the fair value of the warrants to be $0.05. The following weighted average assumptions were used: risk free interest rate of 4.24%, dividend yield of 0%, expected volatility of 89.95% and expected life of 2 years.

On February 23, 2024, the Company issued 14,188,255 warrants to previous option holders of Gold Line Resources Ltd. in accordance with the Arrangement (Note 4). The warrants are exercisable at an average of $0.73 per share and will expire on September 14, 2024, January 31, 2025, April 28, 2025 and October 27, 2025 respectively. The warrants were all fully vested on acquisition date. The Company used the Black Scholes option pricing model to estimate the fair value of the warrants to be $237,655. The following weighted average assumptions were used: risk free interest rate of 4.23%, dividend yield of 0%, expected volatility of 101.55% and expected life of 1.1 years.

(Expressed in Canadian Dollars - Unaudited)

7. SHARE CAPITAL AND RESERVES (cont'd…)

Warrants (cont'd…)

Warrant transactions are summarized as follows:

	Warrants		Warrants Weighted average exercise price
Outstanding, December 31, 2022 and March 31, 2023	3,849,058	$	0.50
Expired	-		-
Granted	1,000,333		0.25
Outstanding, December 31, 2023	4,849,391		0.45
Expired	(687,500)		0.75
Granted	4,380,164		0.25
Issued on acquisition of Gold Line	14,188,255		0.72
Outstanding, March 31, 2024	22,730,310	$	0.57
Exercisable, March 31, 2024	22,730,310	$	0.57

The following warrants to acquire common shares of the Company were outstanding at March 31, 2024:

Number of Shares	Exercise Price	Expiry Date
3,161,558	$0.45	August 23, 2024
1,000,333	0.25	November 17, 2025
2,769,366	0.25	January 18, 2026
1,444,427	0.25	January 26, 2026
166,371	0.25	February 9, 2026
1,891,638	0.39	January 31, 2025
4,875,220	0.34	September 14, 2024
3,208,490	0.34	April 28, 2025
4,212,907	0.27	October 27, 2025
22,730,310		

8. CAPITAL MANAGEMENT

The Company defines its capital as shareholder equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue

as a going concern. Although the Company management has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the period.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the three months ended March 31, 2024 and 2023:

a) Fair value of warrants issued - $18,625 (2023 - $Nil)

b) In accounts payable and accrued liabilities is $101,043 (2023 - $Nil) of acquisition costs to acquire Gold Line.

c) Funds held in trust $Nil (2023 - $267,500)

d) Fair value of shares issued to acquire Gold Line $4,289,726 (2023 - $Nil)

e) Fair value of options from Gold Line transferred to options of the Company $126,050 (2023 - $Nil)

f) Fair value of warrants from Gold Line transferred to options of the Company $237,655 (2023 $Nil)

The Company paid or accrued $Nil for income taxes and interest during the three months ended March 31, 2024 (2023 - $Nil).

(Expressed in Canadian Dollars - Unaudited)

10. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2024, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

		Three months ended March 31, 2024		Three months ended March 31, 2023
Management fees	$	204,873	$	115,500
Total	$	204,873	$	115,500

Other related party transactions are as follows:

		Three months ended March 31, 2024		Three months ended March 31, 2023
Investor relations [1]	$	14,539	$	39,046
Office and administration [1]		60,861		71,232
General exploration [1]		-		20,010
General exploration		37,600		51,600
Consulting		26,800		-
Total	$	139,800	$	181,888

[1] Fees paid to a management service company controlled by a director of the Company that provides a corporate secretary, investor relations, a geologist and accounting and administration staff to the Company on a shared cost basis.

Included in accounts payable and accrued liabilities as at March 31, 2024 is $193,078 (December 2023 - $Nil) due to directors or officers or companies controlled by directors.

11. FINANCIAL INSTRUMENTS AND 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

The Company has various financial instruments including cash, restricted cash, receivables, accounts payable and accrued liabilities and subscriptions received in advance. The carrying values of all these financial instruments approximate their fair values due to the short-term maturity of the financial instruments.

Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of goods and services tax, which are recoverable from the governing body in Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is exposed to liquidity risk. The Company manages liquidity risk through the management of its capital structure.

Foreign exchange risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, prepaid expenses, amounts payable and accrued liabilities that are denominated in the Swedish Krona. A 10% fluctuation in the SEK against the Canadian dollar would not result in any material change in loss for the three months ended March 31, 2024.

Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

(Expressed in Canadian Dollars - Unaudited)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Price risk

Mineral prices, in particular gold and silver, are volatile. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

12. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. Geographic information is as follows:

		March 31, 2024		December 31, 2023
Equity investment – exploration and evaluation assets				
Sweden	$	1	$	1
Exploration and evaluation assets				
Sweden	$	4,366,594	$	-
Finland	$	1,855,032	$	-

13. SUBSEQUENT EVENT

The Company granted 1,550,220, 1,700,000 and 9,800,000 stock options to employees, officers, directors and consultants. The stock options have an exercise price of $0.15, $0.23 and 0.20 per share respectively, expire five years from the date of grant and vest immediately.

The Company issued 1,950,000 common shares due to options exercised at an exercise price of $0.20 per option and as a result received proceeds of $390,000.