



# Transition Metals

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## **TRANSITION METALS CORP.**

### **CONDENSED INTERIM FINANCIAL STATEMENTS**

**THREE AND SIX MONTHS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED)**

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#### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

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

**Transition Metals Corp.**  
**Condensed Interim Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

As at	February 29, 2024	August 31, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 647,203	\$ 1,323,719
Restricted cash equivalents (note 3)	51,093	50,751
Other receivable	265,860	36,378
Short-term investments	15,000	15,000
Prepaid expenses	30,830	69,078
Marketable securities (note 4)	978,644	904,532
<b>Total current assets</b>	<b>1,988,630</b>	<b>2,399,458</b>
<b>Non-Current</b>		
Equity investment in associates (note 5 and 6)	863,373	940,437
Mineral exploration property acquisition costs (note 10)	57,000	57,000
Equipment (note 7)	28,121	32,919
<b>Total assets</b>	<b>\$ 2,937,124</b>	<b>\$ 3,429,814</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 9)	\$ 196,376	\$ 218,934
Flow-through premium (note 13)	34,638	165,996
<b>Total liabilities</b>	<b>231,014</b>	<b>384,930</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 8)	11,909,624	11,909,624
Warrant reserve (note 8)	155,670	155,670
Contributed surplus (note 8)	302,464	386,085
Deficit	(9,661,648)	(9,406,495)
<b>Total shareholders' equity</b>	<b>2,706,110</b>	<b>3,044,884</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,937,124</b>	<b>\$ 3,429,814</b>

See accompanying notes to these unaudited condensed interim financial statements.

**Nature of operations and going concern** (note 1)  
**Contingencies and commitments** (note 10 and 13)  
**Subsequent event** (note 14)

Approved on Behalf of the Board:

\_\_\_\_\_  
"Scott McLean"  
Director

\_\_\_\_\_  
"Jason Marks"  
Director

## Transition Metals Corp.

### Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended February 29, 2024	Three Months Ended February 28, 2023	Six Months Ended February 29, 2024	Six Months Ended February 28, 2023
<b>Expenses</b>				
Exploration and evaluation expenditures (note 9 and 10)	\$ (50,823)	\$ 144,540	\$ 172,192	\$ 449,994
Consultant fees (note 9)	61,400	72,613	108,929	117,815
Depreciation (note 7)	2,399	3,359	4,798	6,717
Investor relations	19,151	54,323	47,675	79,948
Professional fees (note 9)	46,725	52,742	70,882	78,358
Office and general	88,681	85,045	108,719	151,896
Share based compensation (note 8(d) and 9)	-	500	29	85,786
Rent (note 9)	867	9,700	11,737	14,550
<b>Total expenses</b>	<b>168,400</b>	<b>422,822</b>	<b>524,961</b>	<b>985,064</b>
<b>Other Items</b>				
Share of loss of equity investment (note 5 and 6)	(28,430)	(56,801)	(77,064)	(160,315)
Interest income	371	461	1,092	770
Other income	-	-	-	26,075
Gain (loss) on sale of marketable securities (note 4)	300	(24,524)	1,900	(35,905)
Unrealized gain (loss) on marketable securities (note 4)	(38,729)	48,282	128,872	(443,494)
Recovery of flow-through premium	63,337	-	131,358	-
<b>Total other items</b>	<b>(3,151)</b>	<b>(32,582)</b>	<b>186,158</b>	<b>(612,869)</b>
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (171,551)</b>	<b>\$ (455,404)</b>	<b>\$ (338,803)</b>	<b>\$ (1,597,933)</b>
<b>Net loss and comprehensive loss per share</b>				
Basic and diluted (note 8(f))	\$ 0.00	\$ (0.01)	\$ (0.01)	\$ (0.03)
<b>Weighted average number of common shares outstanding</b>				
Basic and diluted (note 8(f))	67,327,139	57,357,485	67,327,139	57,345,567

See accompanying notes to these unaudited condensed interim financial statements.

**Transition Metals Corp.**  
**Condensed Interim Statement of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

<b>For the six months ended February 29, 2024 and February 28, 2023</b>	<b>2024</b>	<b>2023</b>
<b>Operating Activities</b>		
Net loss for the period	\$ (338,803)	\$ (1,597,933)
<i>Non-cash adjustment:</i>		
Shares issued for property acquisitions (note 8 and 10)	-	28,500
Depreciation (note 7)	4,798	6,717
Property option payments received in shares (note 10)	-	(17,500)
Gain on sale of marketable securities (note 4)	(1,900)	35,905
Unrealized (gain) loss on investments (note 4)	(128,872)	443,494
Share based compensation (note 8)	29	85,786
Recovery of flow-through premium	(131,358)	-
Share of loss of equity investment (note 5 and 6)	77,064	160,315
<i>Net changes in non-cash working capital</i>		
Net changes in restricted cash	(342)	(99)
Net changes in accounts payable and accrued liabilities	(22,558)	(187,811)
Net changes in other receivable	(229,482)	1,472
Net changes in prepaid expenses	38,248	90,660
<b>Cash flows used in operating activities</b>	<b>(733,176)</b>	<b>(950,494)</b>
<b>Investing Activities</b>		
Proceeds on sale of marketable securities	56,660	325,786
<b>Cash flows from investing activities</b>	<b>56,660</b>	<b>325,786</b>
<b>Net change in cash</b>	<b>(676,516)</b>	<b>(624,708)</b>
<b>Cash, beginning of period</b>	<b>1,323,719</b>	<b>1,354,322</b>
<b>Cash, end of period</b>	<b>\$ 647,203</b>	<b>\$ 729,614</b>
<b>Supplemental information</b>		
Marketable securities received from option payments (note 10)	-	17,500
Government grants (note 10)	\$ 374,888	\$ -

See accompanying notes to these unaudited condensed interim financial statements.

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**Transition Metals Corp.****Statement of Changes in Shareholders' Equity****(Expressed in Canadian Dollars)****(Unaudited)**

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	<b># of Common shares</b>	<b>Share capital</b>	<b>Options reserve</b>	<b>Warrants reserve</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, August 31, 2022</b>	<b>57,206,389</b>	<b>\$ 11,284,034</b>	<b>\$ 330,650</b>	<b>\$ -</b>	<b>\$ (7,155,763)</b>	<b>\$ 4,458,921</b>
Shares issued for property acquisitions (note 8(c))	350,000	28,500	-	-	-	28,500
Share-based compensation (note 8(d))	-	-	85,786	-	-	85,786
Net loss and comprehensive loss for the period	-	-	-	-	(1,597,933)	(1,597,933)
<b>Balance, February 28, 2023</b>	<b>57,556,389</b>	<b>\$ 11,312,534</b>	<b>\$ 416,436</b>	<b>\$ -</b>	<b>\$ (8,753,696)</b>	<b>\$ 2,975,274</b>
<b>Balance, August 31, 2023</b>	<b>67,327,139</b>	<b>\$ 11,909,624</b>	<b>\$ 386,085</b>	<b>\$ 155,670</b>	<b>\$ (9,406,495)</b>	<b>\$ 3,044,884</b>
Share based compensation (note 8(d))	-	-	29	-	-	29
Expiry of options (note 8(d))	-	-	(83,650)	-	83,650	-
Net loss and comprehensive loss for the period	-	-	-	-	(338,803)	(338,803)
<b>Balance, February 29, 2024</b>	<b>67,327,139</b>	<b>\$ 11,909,624</b>	<b>\$ 302,464</b>	<b>\$ 155,670</b>	<b>\$ (9,661,648)</b>	<b>\$ 2,706,110</b>

See accompanying notes to these unaudited condensed interim financial statements.

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# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Nature of Operations and Going Concern

#### Nature of Operations

Transition Metals Corp. ("TMC" or the "Company") was incorporated federally on June 30, 1999. The Company is engaged in the acquisition and exploration of mineral exploration properties in Canada and the United States. The Company's registered office is 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto, Ontario, M5X 1B8.

#### Going concern

These financial statements have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they become due. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the achievement of the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

The Company raises capital and equity for working capital and exploration and development of its properties. The Company's continuance as a going concern is dependent on its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. Management believes that it has sufficient working capital to support operations for the next 12 months. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these financial statements.

### 2. Material Accounting Policy Information

#### *Statement of Compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, Financial Reporting. Accordingly, they do not include all the information required for full annual financial statements.

The policies applied in these unaudited condensed financial statements are based on IFRSs issued and outstanding as of April 25, 2024, the date the Board of Directors approved these unaudited condensed interim financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended August 31, 2023, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending August 31, 2024 could result in restatement of these unaudited condensed interim statements.

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# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### 2. Summary of Significant Accounting Policies (continued)

#### *Changes in accounting policies*

##### *New standard adopted*

The Company adopted the following new IFRS standards, interpretations, amendments and improvements of existing standards. The new standards and changes did not have any material impact on the Company's financial statements as described as follows:

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The company adopted these amendments on September 1, 2023. The amendment had no impact on the financial statement.

IAS 12 – In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The company adopted these amendments on September 1, 2023. The amendment had no impact on the financial statement.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The company adopted these amendments on September 1, 2023. The amendment had no impact on the financial statement.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The company adopted these amendments on September 1, 2023. The amendment had no impact on the financial statement.

The amendments to IAS 1 and IFRS Practice statement 2, Presentation of Financial Statements were adopted with respect to disclosure of the Company's accounting policies. The adoption of the amendments did not result in any changes to the Company's accounting policies, the only impact was to the accounting policy information disclosed in the financial statements. As a result of the adoption of the amendments, the title of this note 2 was changed from "significant accounting policies" which had been used in all previous periods. Where management determined necessary, clarifying language was applied in order to enhance focus on the materiality of a policy, and immaterial policy language was deleted.

### 3. Restricted Cash Equivalents

As at February 29, 2024, the Company held GICs in the aggregate amount of \$51,093 (August 31, 2023 - \$50,751) as security for its corporate credit cards.

# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

### 4. Investment in Marketable Securities

Entity	February 29, 2024		August 31, 2023	
	Number of Common Shares	Fair Value	Number of Common Shares	Fair Value
Class 1 Nickel and Technologies Limited	823,100	\$ 32,924	823,100	\$ 16,462
Forum Energy Metals Corp.	5,025,000	653,250	5,025,000	502,500
Metalla Royalty & Streaming	9,000	29,160	25,000	37,250
Homerun Resources Inc. (note 10)	169,000	82,810	243,000	179,820
McFarlane Lake Mining Inc. (note 10)	900,000	76,500	900,000	63,000
Heritage Mining Ltd. (note 10)	100,000	4,000	100,000	5,500
West Kitikmeot Gold (note 10)	1,000,000	50,000	1,000,000	50,000
Rich Copper (note 10)	500,000	50,000	500,000	50,000
<b>Total</b>		<b>\$ 978,644</b>		<b>\$ 904,532</b>

During the six months ended February 29, 2024, the Company realized a gain on sale of marketable securities of \$1,900 (February 28, 2023 - realized loss of \$35,905).

During the six months ended February 29, 2024, the Company had an unrealized gain on marketable securities of \$128,872 (February 28, 2023 - unrealized loss of \$443,494).

On December 7, 2023, there was a security exchange of 25,000 units of Nova Royalty Corp shares for 9,000 units of Metalla Royalty & streaming shares due to acquisition of Nova Royalty Corp by Metalla Royalty & Streaming.

### 5. Investment in SPC Nickel Corp. ("SPC")

TMC entered into a multi-year operating agreement with SPC to provide exploration services related to the Aer Kidd property, the terms of the agreement allow for the Company to earn a 10% management fee on all exploration costs incurred by SPC other than drilling to which a 3% fee was charged. The agreement concluded on December 31, 2018.

As at February 29, 2024, the Company's ownership is 6.2% (August 31, 2023 – 6.2%). The Company has assessed that it still holds significant influence over SPC as a result of maintaining greater than 20% of the voting rights on the Board.

A continuity of the investment in SPC as an associate is as follows:

<b>Balance, August 31, 2022</b>	\$ 605,921
Gain on dilution	62,748
Share of the loss for the year	(311,090)
<b>Balance, August 31, 2023</b>	\$ 357,579
Share of the loss for the period	(62,738)
<b>Balance, February 29, 2024</b>	<b>\$ 294,841</b>



# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

### 5. Investment in SPC Nickel Corp. ("SPC") (continued)

Summarized financial information for SPC as at February 29, 2024 and February 28, 2023 and for the periods then ended is as follows:

	2024	2023
Total assets	\$ 1,325,203	\$ 3,124,895
Total liabilities	\$ 301,452	\$ 257,492
Total equity	\$ 1,023,751	\$ 2,867,403
Net loss and comprehensive loss	\$ (1,011,790)	\$ (1,100,423)
Cash flows used in operating activities	\$ (1,126,690)	\$ (1,004,170)
Cash flows (used in) from investing activities	\$ (373)	\$ 19,447
Cash flows from (used in) financing activities	\$ 97,249	\$ (12,955)

### 6. Investment in Canadian Gold Miner Corp. ("CGM")

TMC has entered into a multi-year operating agreement with CGM to provide exploration services, the terms of which allow for the Company to earn a 10% management fee on all exploration costs incurred by CGM and administered through the operating agreement with the Company. The agreement concluded in February 2018.

As at February 29, 2024, the Company's ownership is 20.34% (August 31, 2023 – 20.34%).

A continuity of the investment in CGM as an associate is as follows:

<b>Balance, August 31, 2022</b>	\$ 679,928
Share of the loss for the year	(97,070)
<b>Balance, August 31, 2023</b>	\$ 582,858
Share of the loss for the period	(14,327)
<b>Balance, February 29, 2024</b>	\$ 568,531

Summarized financial information for CGM as at February 29, 2024 and February 28, 2023 and for the periods then ended is as follows:

	2024	2023
Total assets	\$ 418,278	\$ 139,976
Total liabilities	\$ 836,884	\$ 595,167
Total deficiency	\$ (418,606)	\$ (455,191)
Net loss and comprehensive loss	\$ (70,425)	\$ (385,121)
Cash flows from (used in) operating activities	\$ 87,732	\$ (356,693)
Cash flows from investing activities	\$ 29,670	\$ 54,759
Cash flows used in financing activities	\$ (8,910)	\$ (11,160)

**Transition Metals Corp.**  
**Notes to Financial Statements**  
**February 29, 2024 and February 28, 2023**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**7. Equipment**

	<b>Furniture</b>	<b>Vehicles</b>	<b>Exploration Equipment</b>	<b>Total</b>
<b>Cost</b>				
Balance, August 31, 2022	\$ 32,906	\$ 177,705	\$ 59,118	\$ 269,729
Additions	700	-	-	700
Balance, August 31, 2023 and February 29, 2024	<u>\$ 33,606</u>	<u>\$ 177,705</u>	<u>\$ 59,118</u>	<u>\$ 270,429</u>
<b>Accumulated depreciation and impairment</b>				
Balance at August 31, 2022	\$ 30,287	\$ 140,758	\$ 53,031	\$ 224,076
Additions	524	11,084	1,826	13,434
Balance at August 31, 2023	30,811	151,842	54,857	237,510
Additions	280	3,879	639	4,798
Balance at February 29, 2024	<u>\$ 31,091</u>	<u>\$ 155,721</u>	<u>\$ 55,496</u>	<u>\$ 242,308</u>
Net book value August 31, 2023	<u>\$ 2,795</u>	<u>\$ 25,863</u>	<u>\$ 4,261</u>	<u>\$ 32,919</u>
Net book value February 29, 2024	<u>\$ 2,515</u>	<u>\$ 21,984</u>	<u>\$ 3,622</u>	<u>\$ 28,121</u>

**8. Share Capital**

**a) Authorized**

An unlimited number of common shares with no par value

An unlimited number of preferred shares, non-voting, non-participating, retractable, redeemable

**b) Common shares issued**

At February 29, 2024, the issued share capital amounted to \$11,909,624 (August 31, 2023 - \$11,909,624).

**c) Transactions**

Year ended August 31, 2023

The Company issued 200,000 shares based on the quoted market price for a total value of \$15,000 in satisfaction of an exploration property option payment (see note 10).

The Company issued 150,000 shares based on the quoted market price for a total value of \$13,500 in satisfaction of an exploration property option payment (see note 10).

On June 19, 2023, the Company announced its completion of a brokered private placement, issuing 9,770,750 units of shares for a gross proceed of \$1,000,014 which included; (i) 1,897,000 units at a price of \$0.08 per unit for gross proceed of \$151,760; (ii) 4,250,000 flow-through units (the "FT Units") at a price of \$0.10 per FT unit for aggregate proceeds of \$425,000 and; (iii) 3,623,750 special flow through units in the capital of the Corporation (the "Special FT Units") at a price of \$0.1168 per Special FT Unit for aggregate proceeds of \$423,254 (collectively, the "Private Placement"). Each Unit consists of a common share and half (1/2) common share purchase warrant. Each FT Unit and Special FT unit consists of a flow-through share and half (1/2) common share purchase warrant. A flow-through premium of \$218,354 was recorded in connection with this financing. A related party subscribed to 159,500 units issued for proceeds of \$12,760 as part of the private placement.

Each full warrant will entitle the subscriber to purchase one additional common share for a price of \$0.15 until the second anniversary of the closing date of the offering. A fair value of \$148,377 was estimated using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 4.20%; share price of \$0.075; expected life of 2 years; expected volatility of 119% based on Company's historical trading data.

# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

### 8. Share Capital (continued)

#### c) Transactions (continued)

Year ended August 31, 2023 (continued)

In connection with the flow-through offering, the Company paid commissions of an aggregate of 324,750 finder warrants and cash finder fees of \$28,900. Each finder warrants will entitle the holder thereof to purchase one share at an exercise price of \$0.15 per finder warrant for a period of 24 months from closing of the offering. A fair value of \$11,582 was estimated using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 4.20%; share price of \$0.075; expected life of 2 years; and an expected volatility of 119% based in the Company's historical trading data.

#### d) Stock Options

The Company has an Omnibus Incentive compensation plan that includes a stock option plan (the "Plan") for its directors, officers, consultants and key employees under which the Company may grant options to acquire a maximum number of 10% of the total issued and outstanding common shares of the Company. These options are non-transferable and are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant at a minimum of the market price of the common shares, subject to all regulatory requirements. Expected volatility has been determined using the share price of the Company for the period equivalent to the life of the options prior to grant date.

At February 29, 2024, the following options were outstanding and available to be exercised:

Number Exercisable	Number Outstanding	Exercise Price	Expiration	Remaining Years	Grant Date Fair Value
1,850,000	1,850,000	\$0.155	December 18, 2025	1.80	\$0.12
1,400,000	1,400,000	\$0.070	September 29, 2027	3.58	\$0.0575
3,250,000	3,250,000			2.57	

On September 29, 2022, the Company granted 1,500,000 incentive stock options to directors, management and employees of the Company, exercisable at \$0.07 per share for a period of 5 years. The grant date fair value of \$86,212 or \$0.0575 per option was estimated using the Black-Scholes option pricing model based on the following assumptions: expected life of 5 years, expected volatility of 116%, expected dividend yield of 0%, and a risk free interest rate of 3.32%. 1,475,000 vested immediately, while the remaining 25,000 will vests in increments (6,250 on December 29, 2022; 6,250 on March 29, 2023; 6,250 on June 29, 2023; 6,250 on September 29, 2023). During the six month period ended February 29, 2024 the Company recorded \$29 (February 28, 2023) - \$85,786 related to the vesting of the options.

On January 9, 2024, 1,195,000 stock options with a Black-Scholes value of \$83,650 expired with an exercise price of \$0.10.

A summary of stock option activity during the periods ended February 29, 2024 and 2023 is as follows:

	Number of Outstanding Options	Weighted Average Exercise Price (\$)
Outstanding - August 31, 2022	3,295,000	0.13
Issued	1,500,000	0.12
Outstanding - February 28, 2023	4,795,000	0.11
Outstanding - August 31, 2023	4,445,000	0.11
Expired	(1,195,000)	0.10
Outstanding - February 29, 2024	3,250,000	0.12

# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

### 8. Share Capital (continued)

#### e) Warrants

At February 29, 2024, the following warrants to purchase common shares were outstanding and available to be exercised:

Issue Date	Number of Warrants	Adjusted Exercise Price	Expiration	Remaining Years
June 16, 2023	5,210,125	\$ 0.15	June 16, 2025	1.30

A summary of warrant activity during the periods ended February 29, 2024 and February 28, 2023 is as follows:

	Number of Outstanding Warrants	Weighted Average Exercise Price (\$)
Outstanding - August 31, 2022 and February 28, 2023	-	-
Outstanding - August 31, 2023 and February 29, 2024	5,210,125	0.15

#### f) Basic and Diluted Loss per Share

Basic income (loss) per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted income per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the year, basic and diluted loss per share are the same, as the inclusion of stock options and share purchase warrants is anti-dilutive.

### 9. Related Party Balances and Transactions

a) In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key management of the Company for the periods ended February 29, 2024 and February 28, 2023 was as follows:

	Three Months Ended February 29, 2024	Three Months Ended February 28, 2023	Six Months Ended February 29, 2024	Six Months Ended February 28, 2023
Short term benefits (i)	\$ 90,879	\$ 122,758	\$ 186,299	\$ 213,548
Share based payments	-	367	21	62,910
Accounting fees	12,035	17,900	21,170	39,017
	\$ 102,914	\$ 141,025	\$ 207,490	\$ 315,475

- (i) Short term benefits are included in consultant fees and exploration and evaluation expenditures. Accounts payable and accrued liabilities as at February 29, 2024, is \$68,276 (August 31, 2023 \$49,820) owing to officers and management of TMC. The amounts are unsecured, non-interest bearing, and are due on demand.

# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

### 9. Related Party Balances and Transactions (continued)

During the six months ended February 29, 2024, the Company paid professional fees of \$21,170 (February 28, 2023 - \$39,017), to Marrelli Support Services, a Company controlled by the Chief Financial Officer of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at February 29, 2024, Marrelli Support was owed \$7,500 (August 31, 2023 - \$7,500) with respect to services provided. The amounts are unsecured, non-interest bearing, and are due on demand.

During the six months ended February 29, 2024 the Company charged \$nil (February 28, 2023 - \$nil) rental fees to CGM and the Company paid \$4,020 in rent expenses to SPC (February 28, 2023 - \$nil).

b) See also Notes 5, 6 and 8.

### 10. Exploration Properties

As at February 29, 2024, the capitalized balance of mineral exploration property acquisition costs totaling \$57,000 (August 31, 2023 – \$57,000) are as follows: Homathko - \$52,000 (August 31, 2023 – \$52,000), Doherty Lake - \$5,000 (August 31, 2023 – \$5,000).

Summary of exploration and evaluation expenditures (recoveries) for the periods ended February 29, 2024 and February 28, 2023:

Property	2024	2023
New project generation expenditures	\$ 51,093	\$ 25,354
Wollaston (d)	16,190	6,670
Sunday Lake (e)	-	3,190
Saturday Night (f)	35,715	267
Highland Gold (g)	13,546	-
Maude Lake (h)	47,121	200,822
Cryderman (i)	318	539
Aylmer (k)	799	(22,962)
Pike Warden (l)*	84,110	90,051
Other (m) *	(76,700)	146,063
Totals	\$ 172,192	\$ 449,994

\* The Company has reclassified the Duntara and Eva Kitto properties to be included in other category and reclassified the Pike Warden property to be presented as a distinct property in order to reflect the Company's current exploration focus.

#### a) Gowganda Gold

The Company holds an interest in certain mining claims in Nicol, Haultain, and Van Hise townships in the Larder Lake Mining District near the town of Gowganda, Ontario.

Pursuant to a First Nations Memorandum of Understanding ("MOU") there is a 2% commitment to the First Nations on all exploration and evaluation expenditures and up to a \$15,000 commitment per year to fund an Environmental/Elders Committee.

On March 3, 2022, Battery Minerals notified the Company that it was terminating the Agreement and all property and data controlled by Battery was returned to TMC.

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# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### b) Pipestone – Optioned to Gowest Gold Ltd.

This group of properties located in the Wark, Prosser, Little and Evelyn townships in Ontario, is wholly owned by the Company. On April 27, 2011 and as amended February 3, 2014, the Company entered into an option and joint venture agreement with Gowest Gold Ltd. ("Gowest") that provided Gowest with the option to acquire a 60% interest or 75% interest in the property. On April 25, 2016, Gowest acquired 60% interest in the property and trigger a 60:40 joint venture with the Company.

#### c) Nunavut Resources Corporation Strategic Alliance

On March 5, 2012, the Company and Nunavut Resources Corp ("NRC") executed a strategic alliance agreement ("Alliance") to jointly generate and explore mineral properties in the Kitikmeot Region of Nunavut.

On August 12, 2019, the NRC Alliance was terminated and all projects generated under the Alliance were assigned to West Kitikmeot Gold, ("WKG") a private subsidiary of Nunavut Resources Corporation. The Company converted its interest in the projects to 1,000,000 shares of WKG that represents 10% of the seed shares of WKG. The Company received 1,000,000 shares and it was valued at \$50,000.

#### d) Wollaston, Saskatchewan

In May 2020 the Company staked certain claims in the Wollaston Basin Copper Belt northern Saskatchewan.

In October of 2020, the Company assigned a 1% NSR on the Wollaston Copper project to Metalla Royalty & streaming (formerly Nova Royalty).

#### e) Sunday Lake

On February 1, 2014, the Company entered into an agreement with Impala Platinum Holdings Inc. ("Implats"), which assigned 100% of rights and interests in properties generated under a strategic alliance to the Company, with the exception of the Sunday Lake Property subject to a 1.0% to 1.5% NSR royalty held by Implats. Currently the Sunday Lake Property is held 25% (free carried interest to completion of a feasibility study) by the Company, 64.99% by Impala Canada, and 10.01% by Implats (the "Sunday Lake JV").

The property is subject to a number of underlying agreements noted below:

Parcels 19889, 19890 and eight claims are subject to an option agreement between the Sunday Lake JV and Rio Tinto Explorations Canada Inc. ("RTEC") dated May 10, 2013. Under the terms of the option agreement, the Sunday Lake JV acquire a 100% interest in the properties by making payments to RTEC totaling \$350,000 (paid) by the third anniversary of the agreement, subject to a payment of \$3,500,000 upon commercial production with an additional payment of \$1,500,000 on or before the first anniversary of commercial production. The Company's interest in the optioned properties is also subject to a 1.5% NSR held by RTEC, of which 0.5% can be purchased for \$1,000,000. On June 14, 2016, the final payment to RTEC was made thus vesting the Sunday Lake JV 100% interest in the property grouping subject to the pre-production royalty payments and associated NSR noted above.

Parcel 19889, is subject to an underlying agreement between RTEC and a Vendor that allows the Sunday Lake JV to conduct mineral exploration on the property by making annual rental payments of \$1,132 with an option to purchase the surface and mineral rights by paying the vendors 1.5 times the fair market value of the premises subject to a 1% NSR, of which the Sunday Lake JV can purchase 0.5% for \$250,000. This agreement was extended to January 1, 2019. Under the terms of extension, the Company made a \$20,000 payment on signing. This agreement was further extended to January 1, 2021. Under the terms of the second extension, the Sunday Lake JV made a \$50,000 payment on signing. Effective January 1, 2021 this agreement was further extended until January 1, 2024 under the terms of the third extension the Sunday Lake JV must make annual rent payments of \$25,000.

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# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### e) Sunday Lake (continued)

Parcel 6056 and one claim are subject to an assignment agreement between the Sunday Lake JV and RTEC dated March 25, 2013 and underlying agreements between RTEC, Peter DeRozea and the Sunday Lake Syndicate. Under the terms of this agreement, the Sunday Lake JV can earn a 100% interest by making cash payments totaling \$250,000 by March 31, 2014, subject to a 3% NSR held by the Vendors. Upon vesting, pre-production royalty payments of \$40,000 per year to a total of \$200,000 were due, the total of which will be deducted from future production based NSR payments. The Sunday Lake JV maintains the right to purchase 2% of the NSR from DeRozea and the Sunday Lake Syndicate for \$2,000,000. During the year ended August 31, 2016, a \$140,000 payment to the Sunday Lake Syndicate was made thus vesting the Joint Venture's 100% interest in the property grouping subject to the pre-production royalty payments and associated NSR noted above. From April 22, 2017 to April 22, 2021, yearly pre-production royalty payments of \$40,000 were made to the vendors totaling \$200,000. No further payments to the Vendors are required.

On January 23, 2014, the Sunday Lake JV entered into an option to purchase agreement with a private land owner near Sunday Lake. Under the terms of the agreement, the Sunday Lake JV was required to make bi-annual lease payments of \$3,725 until July 2018. The Sunday Lake JV retains the right during the option period to purchase a 100% interest in the surface and mineral rights of the property for 1.5 times the fair market value of the unimproved property, subject to a 1% NSR, of which the Sunday Lake JV can purchase back 0.5% for \$500,000. This agreement was been extended for a further three years until January 24, 2022. Under the terms of the extension agreement, the Sunday Lake JV made bi-annual lease payments of \$3,725 until July 2021.

In June of 2017, the Company entered into an option agreement with joint venture partner Implats and North American Palladium Ltd. ("NAP") whereby NAP had the right to acquire Implats' 75% ownership in the Sunday Lake Project by completing work commitments totaling \$4,500,000 and making cash payments of \$3,500,000 over a five year period according to the following schedule: Stage 1: NAP may acquire a 51% controlling interest in the property by completing \$1,500,000 of exploration expenditures and making cash payments of \$75,000 to the Company and \$675,000 to Implats within a two year period (completed); Stage 2: NAP may increase its interest from 51% to 65% by completing an additional \$2,500,000 of exploration expenditures and making further cash payments of \$125,000 to the Company and \$1,125,000 to Implats within a two year period (completed); and Stage 3: NAP may further increase its interest from 65% to 75% by completing an additional \$500,000 of exploration expenditures and making final cash payments of \$150,000 to the Company and \$1,350,000 to Implats within a one year period. The Company retained a 25% free carried interest until the completion of Feasibility Study.

Subsequent to the NAP option agreement execution and completion of Stage 2, Implats purchased NAP and assigned the NAP interest to a wholly owned subsidiary called Impala Canada. On October 15, 2021, Impala Canada notified the Company that it does not intend to complete Stage 3.

#### f) Thunder Bay – Saturday Night, Owl Lake, Nabish Lake

At February 29, 2024, the Company maintained a 100% interest in property groupings in the Thunder Bay Mining District for which it is seeking partners. These properties include Saturday and Lake Nabish.

In October of 2020, the Company assigned a 1% NSR on the Saturday Night project to Nova Royalties Corp.

In December of 2021, the Company entered into an Option Agreement to sell a 100% interest in the Nabish Lake project to Heritage Mining Ltd. (Heritage) in consideration of \$10,000 cash on signing (received), and \$10,000 cash (received) and 100,000 common shares (received) of Heritage valued at \$17,500 on the date Heritage became publicly listed. The Company received these amounts on September 1, 2022.

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# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### g) Highland Gold, Nova Scotia

On August 20, 2018, the Company entered into an option agreement to acquire a 100% interest in the Highland Gold property located in Nova Scotia. The Company has since completed additional staking. On April 1, 2020 the Company was informed that no further approvals for work on the property would be granted until such time as the Government of Nova Scotia concluded consultations with First Nations. On July 29, 2020 the option agreement was amended such that all future requirements under the option agreement were suspended until all permits to continue exploration have been received by the Company. The Company made cash payment of \$7,500 (to be credited towards the cash portion of the option agreement consideration) on or before April 1 each year during the suspension. On August 17, 2023, the Company declared Force Majeure and discontinued making annual payments to the Vendor.

To earn a 100% interest, the Company is required to make cash payments of \$170,000 over four years (\$65,000 paid), issue \$175,000 worth of common shares of the Company (241,325 common shares issued based on VWAP pricing estimated to be worth \$65,000 at the time of issuance) over four years and incur exploration expenditures of \$1,500,000 over five years.

The agreement also provides for a milestone payment by the Company of \$500,000 in cash or shares within 90 days after a commercial production decision. If by the 8th anniversary of the agreement no production decision has been made, a milestone prepayment of \$25,000 per year must be paid to the optionee capped at a total payment of \$500,000. Upon exercise of the option the property is subject to a 1.0% NSR of which the Company can purchase 1.0% of the NSR for \$1,250,000. The optionee has been granted a 1.0% NSR on the adjacent company staked Claims. The Company retains the right to purchase from the optionee the Company granted 1.0% NSR on the adjacent properties for \$500,000.

#### h) Maude Lake

The Company acquired certain claims in the Maude Lake property located in Ontario through an option agreement. The Vendor retained a 2% NSR. TMC reserves the right to buy back 1.5% of the NSR at any time for \$2,000,000.

In October of 2020, the Company assigned a 1% NSR on the project to Nova Royalties Corp.

#### i) Cryderman

The Company acquired certain claims in the Cryderman Lake property located in Ontario through an option agreement. The Vendor retained a 1.5% NSR. TMC reserves the right to buy back 0.5% of the NSR at any time for \$1,000,000.

#### j) Fostung

The Company staked and acquired certain claims in the Fostung property located near the town of Espanola, southwest of Sudbury, Ontario.

CJP Exploration Inc. retains a 1% NSR on the property with the Company retaining the right to buy back 0.5% NSR for \$500,000.

On July 24, 2020, the Company executed an option and joint venture agreement with 1930153 Ontario Ltd. ("Ontario Ltd.") whereby Ontario Ltd can earn a up to an 100% interest in the Fostung project. To earn a 50% interest, Ontario Ltd. must provide option payments totaling \$110,000 over 4 years (\$60,000 received) Ontario Ltd must complete \$500,000 of exploration expenditures over 4 years. Ontario Ltd may increase its interest to 80%, the buy-up option, by making additional cash payments of \$500,000 and incurring an additional \$1,500,000 of exploration expenditures prior to the second anniversary of the buy-up option.



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# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### j) Fostung (continued)

Ontario Ltd may then further increase its interest to 100%, the second buy-up option, by making additional cash payments of \$4,500,000 prior to the second anniversary of the second buy-up option. Upon exercise of the second buy-up option the company will be granted a NSR Royalty of 2.0%.

#### k) Aylmer

On May 11, 2020, the Company announced that it had entered into an agreement to earn a 100% interest in the Aylmer IOCG property by making aggregate cash payments of \$102,000; (\$37,000 paid) issuing an aggregate total of 625,000 (225,000 issued) common shares; and incurring exploration work expenditures totaling \$900,000 by May 4, 2024. If the Company exercises its option the Vendors will retain a 2.0% Net Smelter Return Royalty (NSR) from any Commercial Production from the property for which TMC may purchase 1.0% of the NSR for \$1,000,000 at any time. On May 4, 2023 the Agreement was amended to defer 2023 payments and shares issuances for one year by making a cash payment of \$2,500.

#### l) Pike Warden - Yukon Territory

On June 28, 2022, the Company announced that it had entered into an option agreement to acquire a 100% interest in the Pike Warden Au-Ag-Cu Property located southwest of Whitehorse. Pursuant to an option agreement with the Vendor, Transition retains the option to earn a 100% interest in the property by issuing \$150,000 in cash (\$55,000 paid), 1,000,000 shares to the Vendor (350,000 issued) and completing an aggregate of \$1,000,000 in work over a 4-year period. If the Company vests its interest, the Vendor will retain a 1% Net Smelter Return royalty (NSR) and a \$1,500,000 Milestone Payment to be paid within 6 months following Commercial Production being achieved from the Property.

#### m) Other

As at February 29, 2024, the Company maintained additional ownership interests located in Ontario, Saskatchewan and British Columbia as follows:

##### Homathko, British Columbia

The Homathko property consists of 100% owned staked claims in British Columbia. In December, 2020, the Company optioned the Property to Homerun Resources Inc. ("Homerun"). Homerun could have earned 100% interest in the Property by providing \$10,000 on signing (received), 700,000 shares within six months (received) and a further \$140,000 worth of shares within 3 years. The Company would have retained a 1.0% NSR of which 0.5% can be purchased by Homerun Resources for \$1,000,000.

In October of 2020, the Company assigned a 1% NSR on the project to Nova Royalties Corp.

During November 2021, 700,000 shares of Homerun Resources were issued to the Company in accordance with the property agreement.

On January 27, 2022, the agreement with Homerun was amended. Under the terms of the amendment, the area of interest was expanded. In addition, the royalty was increased from 1.0% NSR (with a buy back option for Homerun of 0.5% NSR for \$1,000,000) to 1.5% NSR (with a buy back option for Homerun of 0.75% NSR for \$1,000,000).

During April 2022, 470,588 shares of Homerun Resources were issued to the Company in accordance with the property agreement. The contract was terminated in September 6, 2022 and the property was returned to the Company.

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# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### m) Other (continued)

##### Homathko, British Columbia (continued)

On December 19, 2022 the Company entered into an option agreement with Aurum Lake Mining (Aurum). Under the terms of the agreement, Aurum must pay a total of \$470,000 in optional cash payments over two years; \$20,000 (received) on signing; additional \$100,000 following exchange acceptance (received); \$150,000 on the first anniversary of the Effective Date; and \$200,000 on the second anniversary of the Effective Date. In addition, Aurum must incur work expenditures on the Property totaling \$500,000 over two years and make a one-time \$5,000,000 lump sum payment to the Optionor upon the commencement of commercial production. Upon vesting an interest in the property, Transition will be granted a 2.0% NSR.

##### Porterville and Lewisporte, Newfoundland

The Porterville and Lewisporte properties consisted of staked claims in Newfoundland. During the year ended August 31, 2023 the claims lapsed.

##### Duntara

The Company staked a new copper property known as the Duntara Copper in Eastern Newfoundland. The Company retains a 100% interest in this property.

##### Thompson, British Columbia

The Thompson property consists of staked and optioned claims located in the Vernon Mining Division, southeastern British Columbia. The optioned claims are subject to an agreement whereby the Company can earn a 100% interest in exchange for optional payments of \$100,000 (\$10,000 paid) and the issuance of 250,000 common shares of the Company over 4 years subject to a 1.5% NSR retained by the Optionors. Under this agreement the Company retains the option to purchase 0.5% NSR back from the Vendors at any time for \$1,000,000. The program is currently suspended as the Company is waiting on the grant of permits.

##### Mongowin, Ontario

On June 14, 2021 the Company announced that it had entered into a binding Letter of Intent (LOI) with McFarlane Lake Mining Incorporated ("MFM") whereby MFM can purchase a 100% interest in mining claims and patents in the Mongowin Township. Under the terms of the LOI, MFM paid XTM \$15,000 upon signing for a 5-month period of exclusivity to assign the Property to a public vehicle ("Pubco") and complete due diligence. Upon completion of the period of exclusivity, Transition received an additional payment of \$85,000 and \$500,000 worth of common stock in Pubco prior to transferring the Property. In addition, Transition was granted a 1.5% net smelter return royalty from commercial production from the Property, a \$2,500,000 milestone payment upon commencement of commercial production and non-refundable, advanced royalty payments of \$25,000 per year following the 5th year of the execution of a Definitive Agreement for up to 10 years following the date of the agreement.

On February 1, 2022 the Company announced that it had sold its 100% interest in its Mongowin project to MFM. Pursuant to the purchase and sale agreement with MFM, Transition received total consideration consisting of \$145,000 cash, 1,250,000 shares of MFM and a 1.5% Net Smelter Return royalty (NSR) from any commercial production from the Property.

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# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### m) Other (continued)

##### **Bancroft (NI-CU-PGM's)**

The Bancroft project is a greenfield exploration project that has seen the benefit of approximately \$5.0 million in exploration expenditures. The property consists of certain mining claims located in the Southern Mining district near Bancroft, Ontario.

In October of 2020, the Company assigned a 1% NSR on the project to Nova Royalties Corp.

##### **Jolly Gold, Northwest Ontario**

On November 24, 2020, the Company announced that it has entered into an option agreement to acquire a 100% interest in certain contiguous mining claims near Thunder Bay and has additionally staked new claims of the Beardmore-Geraldton Greenstone Belt. The terms of the option agreement on certain claims grant the Company the option to earn a 100% interest in the optioned claims by issuing \$175,000 in cash to the Vendors (\$50,000 paid) and by completing an aggregate of \$250,000 in work expenditures over a 4-year period. If the Company vests its interest, the Vendors will retain a 2% NSR with Transition retaining the right to buy back 1% NSR for \$500,000 and the remaining 1% NSR for an additional \$1.5 million. On November 2022, an amendment to the option agreement was made to issue \$180,000 in cash to the Vendors over a 5- year period.

##### **Island Copper - Ontario**

On January 25, 2021, the Company announced that it had granted an option on its Island Copper project to Rich Copper Exploration Corp ("Rich Cu"), a private corporation. Under the terms of the Agreement, Rich Cu could have vested a 100% interest in the Property by providing Transition with \$150,000 cash over 3 years (\$25,000 received), 500,000 shares on signing (received) and an additional \$475,000 worth of shares over the following 3 years as well as completion of \$750,000 in exploration expenditures. Transition would have received a 2.5% Net Smelter Return royalty on any future production from the Property and within a 5 kilometre area of interest. In addition, Transition was entitled to milestone payments of \$1,000,000 upon Rich Cu or its assigns completing a Feasibility Study and an additional payment of \$5,000,000 within 12 months of commencement of Commercial Production. Rich Cu can purchase 1% of the NSR for \$1,000,000 anytime prior to commercial production.

The property was returned to the Company and the option agreement with Rich Copper was terminated on January 6, 2022.

### 11. Capital Management

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. There were no changes to its capital management approach during the period ended February 29, 2024 and February 28, 2023. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is dependent on its strategic alliance partners as well as on the capital markets to finance exploration and development activities.

# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

### 12. Financial Instruments and Financial Risk Factors

The Company has established a fair value hierarchy that reflects the significance of inputs of valuation techniques used in making fair value measurements as follows:

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in level one.
- Level Three - includes inputs that are not based on observable market data.

The financial instruments that are not measured at fair value on the statement of financial position include cash, other receivables and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short-term nature.

The following table illustrates the classification of the Company's financial instruments, measured at fair value in the statements of financial position as of February 29, 2024 and August 31, 2023 categorized into the levels of the fair value hierarchy.

<b>August 31, 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Aggregate Fair Value</b>
Marketable securities	\$ 804,532	\$ -	\$ -	\$ 804,532
Private investments, included in marketable securities	-	-	100,000	100,000
Restricted cash equivalents	-	50,751	-	50,751
Short-term investment	-	15,000	-	15,000
<b>Total</b>	<b>\$ 804,532</b>	<b>\$ 65,751</b>	<b>\$ 100,000</b>	<b>\$ 970,283</b>

#### **February 29, 2024**

Marketable securities	\$ 878,644	\$ -	\$ -	\$ 878,644
Private investments, included in marketable securities	-	-	100,000	100,000
Restricted cash equivalents	-	51,093	-	51,093
Short-term investment	-	15,000	-	15,000
<b>Total</b>	<b>\$ 878,644</b>	<b>\$ 66,093</b>	<b>\$ 100,000</b>	<b>\$ 1,044,737</b>

#### Level 3 Hierarchy

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the period ended February 29, 2024 and year ended August 31, 2023. These financial instruments are measured at fair value utilizing non-observable market inputs.

	<b>November 30, 2023</b>	<b>August 31, 2023</b>
Investments, fair value		
Balance, beginning of the year	\$ 100,000	\$ -
Additions (note 10)	-	100,000
<b>Total</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>

Within level 3, the Company includes private company investments that are not quoted on a exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company specific information, trend in general market conditions and the share performance of comparable publicly-traded companies.

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# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### 12. Financial Instruments and Financial Risk Factors (continued)

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within level 3 for the year end August 31, 2023, and the period ended February 29, 2024.

<i>Description</i>	<i>Fair value</i>	<i>Valuation technique</i>	<i>Significant unobservable units</i>
Rich Copper	50,000	Recent financing	Marketability of shares
West Kitimeot Gold	50,000	Recent financing	Marketability of shares
	100,000		

As valuations of investments for which market quotations are not readily available, are inherently uncertain they may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no material changes in these risks, objectives, policies and procedures during the period ended February 29, 2024 and the year ended August 31, 2023.

#### *Credit Risk*

The Company's credit risk is primarily attributable to its other receivable. Other receivable consist primarily of sales taxes due from the Federal Government of Canada. The Company has no significant concentration of credit risk arising from its operations. Management believes that the credit risk concentration with respect to financial instruments included in other assets is low. The Company believes that there are no credit risk associated with any customer.

#### *Liquidity Risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 29, 2024, the Company has current assets totaling \$1,988,630 (August 31, 2023 – \$2,399,458) to settle current liabilities of \$196,376 (August 31, 2023 - \$218,934), excluding flow-through liabilities as those are settled through qualifying expenditures (note 13).

#### *Price Risk*

The Company is exposed to price risk with respect to commodity prices. The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

#### *Other price risk*

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies.

Other price risk typically arises from exposure to equity and commodity securities. If the prices on the respective exchanges for these securities increased or decreased by 10%, all other variables held constant the investment value could have increased or decreased by approximately \$184,202 (August 31, 2023 - \$184,497).

#### *Interest Rate Risk*

The Company does not currently have any outstanding variable interest bearing loans and, therefore, the Company is not exposed to interest rate risk through fluctuation in the prime interest rate.

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# Transition Metals Corp.

## Notes to Financial Statements

February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### 13. Commitments and Contingencies

#### *Environmental Contingencies*

The Company's exploration activities are subject to various federal, state, provincial, and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

#### *Flow-through Expenditures*

From time-to time, the Company and its associates enter into flow-through financings and indemnify the subscribers of flow-through shares for any tax related amounts that become payable by the subscriber. In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. There are many transactions and calculations for which the ultimate tax determination is uncertain. While the Company believes that its tax filing positions are appropriate and supportable, from time to time, certain matters are reviewed and challenged by the tax authorities. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities.

#### *Flow-Through Commitment*

Pursuant to the terms of the flow-through share agreements, the Company needs to comply with its flowthrough contractual obligations to subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. The Company is committed to incur flow-through eligible expenditures of \$848,254 in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2024 arising from flow-through offerings, of which approximately \$345,144 has been incurred to February 29, 2024 with a balance of \$503,110 to be spent.

### 14. Subsequent events

On March 1, 2024, the Company issued 200,000 common shares towards fulfilment of the second year option payment obligations for the Pike Warden property .