SPARTON

2024

ENERGY STORAGE AND SPECIALTY METALS

UNIQUE OPPORTUNITIES IN A CHANGING WORLD

FIRST QUARTER – 2024

MANAGEMENT DISCUSSION AND ANALYSIS

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SPARTON RESOURCES INC.

SPARTON RESOURCES INC.
For the period ended March 31, 2024

Management’s Discussion and Analysis dated May 28, 2024

The following discussion and analysis of results of operations of Sparton Resources Inc. (“Sparton” or the “Company”) and its subsidiaries for the period ended March 31, 2024, should be read in conjunction with the unaudited interim condensed consolidated financial statements for the period ended March 31, 2024, and the audited consolidated financial statements for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All currency is shown in Canadian dollars unless otherwise stated. The Company’s current subsidiaries are comprised of: (i) Sparton International Holdings Inc. (100% owned) (“SIH”) (ii) VanSpar Mining Inc. (90% owned by SIH) (“VanSpar”), both of which are registered in the British Virgin Islands, and (iii) Edcor Drilling Services Inc. (“EDCOR”), (100% owned) registered in Ontario, Canada. VanSpar owns approximately 9.9% of VRB Energy Inc. (“VRB Energy”) a Cayman Islands company and manufacturer of vanadium flow batteries with a factory in Tongzhou (Beijing) China.

Forward-Looking Information

This Management’s Discussion and Analysis (“MD&A”) contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management, as well as assumptions made by and information currently available to the Company. When used in this document the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Forward-looking statements include, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company’s exploration properties. Such statements reflect the current views of its management with respect to future events and are subject to a variety of inherent risks, uncertainties and other facts that are beyond the Company’s control, and could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statement whether as a result of new information, future events or any other reasons; except as required by applicable Canadian securities law. Investors and others should carefully consider these and other factors and not place undue reliance on these forward-looking statements.

General

The Company continues to seek financing for its various gold and base metal related projects in Canada and to evaluate other opportunities related to the mineral exploration and vertically integrated energy storage industry activities. It also, through joint venture partners, or internally, is continuing its evaluation of other domestic exploration projects including the Bruell gold property in Quebec, and the Matachewan area Ontario Oakes Leases and adjacent mineral claims.

The VRB ENERGY Transaction:

The Company’s 90% owned subsidiary, VanSpar Mining Inc.("VanSpar") in 2016 received 18,000,000 common shares of VRB Energy Solutions Inc. (“VRB”) a Cayman Islands company and manufacturer of vanadium flow batteries with a factory in Tongzhou (Beijing) China.

In 2017 VanSpar executed a profit-sharing agreement with a private investor to acquire Additional Shares in VRB. Under the profit-sharing agreement, the private investor provided funds required for VanSpar to participate and acquire more shares ("Additional Shares") in VRB Energy's future financing, to maintain VanSpar's percentage of interest in VRB. Once the Additional Shares are sold in a liquidation event, the investor will be entitled to 80% of the profit (calculated as proceeds of sales minus transaction costs minus the principal fund provided by the private investor plus 7% annual interest) and VanSpar will be entitled to 20% of the profit. In case there is no profit or even a loss, VanSpar will not be responsible for repayment of the principal funds provided by the investor. In 2017 VanSpar had received a total of US$900,000 from the private investor to participate in acquisition of 13,953,488 VRB shares. The Company has determined this profit-sharing agreement is a joint operation. There is no downside risk to the Company as VanSpar does not have obligation to repay the full principal fund, therefore the Company has not recorded the funding provided by the private investor as a financial liability and has not recorded the Additional Shares as a financial asset.

VanSpar's total 31,953,482 VRB shares represent about 9.8% share interest in VRB. Ivanhoe Electric Inc., a company listing in New York Stock Exchange, owns the other 91.2% of VRB. The Company valued the 18,000,000 VRB shares it owned as at March 31, 2024 to be $1,547,422 (December 31, 2023 - $1,547,422).

On June 2, 2020, VRB Energy announced the commissioning of a 5 KW (4hour) vanadium redox battery, as part of a 10 KW photo-voltaic plus energy storage system pilot demonstration project with Hesteel Group Company Ltd., the largest steel and vanadium supplier in China. This solar-shifting pilot project is just the first step toward widespread deployment of the technology.

On August 23, 2020, VRB Energy reported that it has designed a more efficient 3rd generation vanadium battery known as the GEN3 System. This system received certification for very cold weather use in early April of 2022 having been successfully operated at -40 deg C temperatures for over 6 weeks in a comprehensive test program.

VRB Energy pursued a number of sales opportunities during the year 2022 and 2023 and installed several demonstration units for potential larger customer orders.

VRB Energy signed an agreement on March 4, 2021, to build China's largest photo voltaic ("PV") solar integrated battery system – to build in phases a 500 MWH PV and energy storage power station integrating VRB Energy's vanadium flow battery energy storage system ("VRB-ESS"). The project is located in Xiangyang, Hubei Province, China at a new industrial park complex that will include a VRB-ESS manufacturing "Gigafactory", and a vanadium flow battery energy research and development institute. It will eventually generate 100 megawatts (1GW) of power annually.

VRB Energy has the current opportunity to receive a contract increasing the 100- megawatt ("MW") project for Hubei Province to 500 megawatts. The timing of the award for this project was deferred due to ongoing COVID issues in PRC late in 2022 and early in 2023.

With lower international vanadium prices, it also continued to seek a long-term economical vanadium supplier and plans to become vertically integrated in the medium term. This will lead to very competitive pricing for its products and is expected to generate new sales. Currently VRB Energy is one of only a few companies manufacturing batteries for clients who supply their own electrolyte.

On August 30, 2023, Ivanhoe Electric (NYSE American IE, TSX IE) announced that its 90% owned subsidiary, VRB Energy Inc., has received Underwriters Laboratories ("UL") 1973 certification for its third generation Energy Storage System ("Gen3 VRB-ESS®").

On October 29, 2023, VRB Energy Inc. reported through its China domestic website, the successful 10-year performance review of its 8Mega Watt HourGEN1 vanadium flow battery installed at the North China State Grid Zhangbei Renewable Energy Generation and Storage Demonstration Site, about 180 km north of Beijing,

Contract Drilling Business

Revenue and expenses relating to one of the drill units owned by the Company's EDCOR subsidiary is shared with Eva Lake Mining Ltd., an aboriginal Metis service company, based in Atikokan Ontario.

For the period ended March 31, 2024, the Company reported no (2023 - $nil) drilling revenue and is actively negotiating new contracts for 2024.

Bruell Property, Canada

On August 11, 2017, the Company entered into an option agreement with two independent prospectors (the "Vendors") to explore the 20 claim Bruell Property ("the Property") in Vauquelin Township, Quebec.

Under the terms of the 5-year option agreement Sparton will issue a total of 1,500,000 Common Shares, incur a total of $1,500,000 in exploration expenditures on the claims, and make cash payments totaling $300,000 to earn a 100% interest in the Property, that the Company has completed in 2023.

Production Royalty: If commercial production takes place on the Bruell property, the Vendors collectively, will be entitled to receive an annual production royalty (the "Royalty") equal to 2% of Net Smelter Returns as customarily defined. At any time after a feasibility study is completed for development of any part of the Property ½ of this Royalty (or 1%) may be purchased by the Company for the sum of $1,000,000. All cash payments share issuances, and royalty payments if any, will be paid or issued as to 50% of the totals to each prospector.

On October 21, 2019, the Company announced 15 additional mining claims have been acquired from a private prospector extending the original 36 Bruell mining claims.

On December 16, 2019, Sparton announced that it had executed definitive agreements including an Option Agreement with Eldorado Gold Corporation ("Eldorado") to grant an option to Eldorado to earn up to an initial 75% interest ("Option") in the Bruell Project. Under the Option Agreement, Eldorado will make all future cash payments and fund all the future expenditures required under the existing Property Option Agreement between the Company and the original optionors. Sparton received a cash payment of $150,000 on execution of the Eldorado Option Agreement, as partial compensation for past expenditures that was recorded as recovery of exploration expenses in the consolidated statements of (loss). If Eldorado makes all future cash payments and funds all the future expenditures required then it has the right to have Sparton participate in a new joint-venture in which Sparton will hold a 25%, or buy-out Sparton's 25% interest for $1.8 million adjusted for the Consumer Price Index at the time Eldorado makes the election, in which case Sparton will be granted a 2% Net Smelter Return Production Royalty ("NSR"), and 50% of the NSR can be purchased by Eldorado for $2.5 million at any time.

The Company has completed the earn-in and exercised its option to acquire 100% of the 51-claim Bruell Property. It did so by issuing a total of 1.5 million common shares of the Company, making $300,000 in cash payments to the vendors, and incurring $1.5 million in exploration expenditures on the claims.

In 2022, Eldorado completed 11 diamond drill holes totaling 4,745 meters. In 2023 Eldorado planned approximately 8,000 meters of additional drilling at Bruell in 21 holes and completed an additional 9,430 meters of drilling in 18 holes in the first quarter of 2023 with some positive results. On February 13, 2024, the Company and Eldorado executed an agreement extending the Option Agreement decision date for the Bruell gold project until April 19, 2024.

On April 22, 2024, the Company announced that Eldorado Gold Corporation ("Eldorado") has, effective April 18, 2024, exercised its option to acquire from Sparton an initial 75% (seventy five percent) interest in the Bruell gold project, east of Val D'Or, Québec.

Sparton and Eldorado executed, effective April 18, 2024, a further amendment to the original Option Agreement to delete the twenty (20) business day further option period and replace it with a seventy-five (75) business day option period for Eldorado to implement the joint venture or decide if it wishes to acquire all of the remaining Sparton 25% interest for a combination of a $1.8 million cash payment (adjusted for CPI) and a residual 2% Net Smelter Return ("NSR") royalty. Fifty percent (50%) of the NSR can be purchased by Eldorado for $2.5 million at any time. This extension will enable transferring of the Bruell claim titles to Eldorado, preparation of joint venture documents and the efficient implementation of other things necessary for the property ownership change.

Sir Harry Oakes Gold Property, Canada

On Sept. 25, 2019, the Company announced that it had secured an option to purchase a strategic gold prospect, comprising 3 Mining Leases (the "Leases") in the Matachewan gold mining area of northern Ontario. In addition, the Company has also acquired through staking, an additional 12 Mining Claim Units (approximately 300 hectares) adjacent to the area of the Mining Leases (the "Claims").

Sparton has executed a 4-year Option to Purchase Agreement with a private owner of the Leases whereunder it has the right to purchase a 100% interest in the Leases.

On July 6, 2020, the Company announced that it acquired 18 additional mining claim units adjacent to or nearby to the Oakes Mining Leases for a cash consideration of $6,000. On September 4, 2020, the Company received a work permit for the project, and commenced a drill program on the project on October 19, 2020.

On November 25, 2020, the Company announced that it signed, effective November 17, 2020, a Memorandum of Understanding ("MOU") with the Matachewan First Nation ("MFN") related to its exploration activities on the Sir Harry Oakes Gold Project, near Matachewan, Ontario. MFN is a signatory to Treaty No. 9 and holds inherent aboriginal and treaty rights to and over their traditional territory, which includes the Mining Leases and claims held by Sparton and referred to as the Sir Harry Oakes Project. The MOU recognizes these rights and provides for a mutually beneficial and cooperative relationship between the parties. The MOU, among other things, contemplates the possibility of an Investment Benefit Agreement ("IBA") in the future if the project is successful in advancing the project to advanced exploration and development stages and completion of a positive feasibility study. Additionally, the Company will compensate MFN for its exploration activities in the MFN area by issuing to MFN 50,000 Sparton common shares with a deemed value of $0.06 each, and 50,000 Share Purchase Warrants ("SPW"s). The SPWs are valid for a period of three years from November 17, 2020, and entitled MFN to purchase up to 50,000 additional common shares of the Company at a price of $0.10 per share. As further compensation Sparton will pay MFN on an annual basis, 2% (percent) of its audited exploration costs directly related to the expenses on the Oakes Project. The MOU is valid and in effect until Sparton has either ceased its activities on the Project or an IBA agreement is concluded. The 50,000 warrants issued by the Company to MFN on December 1, 2020, have expired.

On September 4, 2020, the Company received a work permit for the project and commenced a drill program on the project on October 19, 2020.

The plan was permitted for a total of 10 holes to be drilled, from 5 locations, designed to establish approximately 300 meters of strike length of the zones reported from the 1930's historical data. Three of the initial sites duplicated the locations of historical holes DDH 2A, 3 and 5, drilled in the 1930s, each of which successfully intersected reported gold mineralization. The mineralized area near the shaft and the previously drilled area corresponds with a structure defined by a distinct magnetic low, highlighted in the Company magnetic survey, completed earlier in 2020.

All operations were undertaken with proper COVID-19 protocols in place.

Effective May 12, 2021, Sparton signed an evaluation agreement for one year to review and assess the exploration potential of a former producing copper and molybdenum mine property adjacent to the Company Matachewan / Oakes project claims and leases.

The Company now controls 32 Mining Claims and 3 Mining Leases in the Matachewan Gold Area.

The drill program on the Sir Harry Oakes Gold Project was permitted for 2,000 meters. A 3 km access road was completed, and drill site locations set out with proper environmental guidelines and setbacks from the nearby lake.

In early 2022, a 3D Induced Polarization ("IP") survey was completed over the central part of the claim area. This work outlined 5 high priority anomalies, only one of which has been drill tested (the old Oakes shaft area). A new work permit application was made for several claims covering two of these anomalies and approval was received late in 2022.

2020 Drill Program

A total of 6 core holes comprising a total of approximately 700 meters were diamond drilled at the sites of historical holes numbered DDH 2A, DDH 3 and DDH 5. (Please see Sparton news release dated October 19th, 2020). All holes, except number 6, were drilled to the end of visible mineralization or alteration and ended in fresh rock material. The historical holes were only drilled to approximately 30–40-meter depths at minus 45-degree angles. The drilling was designed to essentially duplicate the historical holes by drilling a minus 50-degree dip hole and a steeper hole (minus 65 degrees) underneath from the same setup.

Assay results were slow in coming due to COVID19 delays and extremely high laboratory work loads. Over 450 samples were submitted for precious metal and multi element analyses.

Holes DDH 20-1 and 20-2 were drilled east of the old shaft at the site of historical hole DDH 2A, which reported a zone of 5.5 grams per tonne ("gpt") gold ("Au") over 5.53 metres. Holes DDH 20-3 and 20-4 were drilled at the site of historical hole DDH 3, which reported intersections of 8.23 gpt Au over 1.5 metres, and 14.4 gpt Au over 0.9 metres. Current holes DDH 20-5 and 20-6 were located at the site of historical hole DDH 5 which reported which 6.85 gpt Au over 1.85 metres, 3.77 gpt Au over 1.49 metres, and 3.43 gpt Au over 0.61 metres; Please see Sparton news release dated September 16, 2020, and historical maps on the Sparton website at www.spartonresources.com.

CAUTIONARY NOTE

It should be noted that historical results reported here and earlier, by the Company are included with the recent drilling data results and were available to Sparton. Knowing the laboratories where the historical analyses were done, the Company believed the historical data to be reliable and has reviewed them in detail to attempt to determine the discrepancies with the current results. More work needs to be done however, to verify these historical results and information and provide an explanation the reason for the differences with the current results.

Further, a qualified person under NI 43-101 has not done sufficient work to verify the historical results with new sampling and analyses because the original samples and drill core are not available for re-analysis.

Oakes Assay Results

Drilling results from the Oakes Project were reported in March of 2021. All holes intersected significant sulfide mineralization (up to 40% pyrite with lesser chalcopyrite) and ubiquitous red hematite and grey magnetite alteration plus intense silicification. The host sedimentary rocks are strongly brecciated and contain multiple quartz stringers and veining up to 1 meter in core length often associated with zones of red to grey syenite and locally containing up to 20% chalcopyrite. Zones of multiple stage quartz veining and mineralization occur in the current drill holes at roughly the same intervals as reported in the shallow historical holes but significantly more mineralization is present deeper in the current holes, indicating a much larger mineralised structural zone over 50 meters in width. Several small fault zones were encountered in all holes and overall core recovery exceeded 95%.

All core was systematically logged with a susceptibility meter to attempt to correlate mineralized sections with magnetic or non–magnetic zones. As well, all the core was logged systematically with a scintillometer to check for anomalous radioactivity associated with potassium alteration, which is characteristic of gold deposits in the area, including the nearby Young Davidson Mine.

The Oakes assay results were not consistent with the historical data. The best results received from the drilling are set out below:

Hole 20-1 - 0.31 gpt Au over 1.5 meters from 14.5 to 16 meters, roughly corresponding to the zone reported in historical hole 2A.

Hole 20-1 – 0.26 gpt Au over 1.5 meters from 58.5 to 60 meters.
Hole 20-1 – 1.91 gpt Ag (silver) over 6.5 meters from 67.5 to 74.0 meters.
Hole 20-3 – 0.14 gpt Au over 6 meters rom 4.5 to 10.5 meters and:
0.10 gpt Au and 1.12 gpt Ag over 4.5 meters from 31.0 to 35.5 meters and:
0.22 gpt Au over 1.5 meters from 56.0 to 57.5 meters and:
0.11 gpt Au, 1.2 gpt Ag and 0.09% Cu (copper) over 0.5 meters from 104.0 to 104.5 meters from Hole 20-4 drilled under the historical hole DDH 3 at -65 degrees.
Assay results were received from holes 4 and 5 and no significant gold values were reported.

Ongoing Work Program

The work planned for 2022 involved prospecting of the entire claim area surrounding the Oakes Leases and checking various trenches on the 32-claim property where gold values were reported by previous operators. A Geophysical IP (Induced Polarization) survey has been carried out. Similar work was undertaken in the area of the former copper mine This work was done in early and late 2022, after COVID19 and contractor availability delays.

On May 6, 2022, the Company reported on the results of the IP survey completed over the central portion of the Oakes Gold Project Property. The IP survey was completed by CXS (Canadian Exploration Services) of Larder Lake, Ontario. It utilized a 3-D Distributed Induced Polarization system with wireless data acquisition and multiple layer data presentation. This system has less impact on the environment, as it reduces the amount of line cutting necessary and was also useful in getting data from underneath the lake, which bisects the survey area. Data are presented as both resistivity and chargeability information at 50-meter vertical intervals, beginning at surface and extending to different depths below surface. This information can provide a 3-dimensional interpretation of the bodies causing the anomalies. Normally, higher chargeability zones are related to metallic minerals in the host rocks and areas of higher resistivity may be related to silicification often associated with gold mineralization. The results indicate five (5) significantly anomalous areas, (please see maps and explanatory video on Company website www.spartonresources.com). One of these (Anomaly "D") is directly associated with a mineralized area adjacent to Hawley Lake, near the old "Oakes" shaft, where Sparton drilled several holes in late 2020. All holes were mineralized with pyrite, magnetite and hematite and locally intersected quartz veins and intense silicification. Anomalous values in silver, copper and gold were reported from these drill holes. The mineralization occurs in brecciated sediments and syenite porphyry. (See Company News Release dated March 19th, 2021). Syenite porphyry is one of the main host rocks for gold mineralization at the Alamos Young Davidson Mine. The other IP chargeability anomalies have never been tested with trenching or drilling and were unknown until the results of this survey. At least two of them, (anomalies “C” and “E“) appear to be associated with syenite porphyry rocks on the west side of Hawley Lake. Only a very small portion of Anomaly “D” near the old shaft was tested by the 2020 drill program. Based on the IP results, Sparton prospected the key anomaly areas and determined that a trenching program to attempt to expose the sources for the new IP chargeability anomalies was not feasible due to heavy overburden and swampy areas. This work took place late in 2022 this summer following receipt of a new work permit approved by the Ontario Government. Drilling will be necessary to test these areas effectively.

The Company reported on December 13, 2022, that it has received an exploration permit from the Ontario Ministry of Natural Resources to allow up to 2,000 meters of drilling, and overburden stripping and sampling on claims west of Hawley Lake, Ontario, adjacent to where the old Oakes Syndicate supported shaft is located, and Sparton focused it past work. These claims were not part of the original property package and contain a number of high priority induced polarization (“IP”) anomalies located in Sparton’s earlier work programs. These are associated with syenite porphyry intrusive rocks which host both gold and base metal mineralization in the area. Following receipt of a second exploration permit in mid 2022, these areas were prospected in late 2022 to identify areas where trenching could be done to check for sources of the IP anomalies. All the areas checked were covered with heavy overburden or swamp and no trenching could be carried out. Testing these targets further, likely by drilling, will be part of the Company’s 2024 planned exploration work and access trails for new drilling sites have been located in the field.

Pense Property

On November 3, 2022, the Company announced that it entered into an option agreement with three independent prospectors (collectively, the “Vendors”) to explore the 39 claim (865 hectare) Pense Property (“the Property”) in Pense Township, Ontario. The claims are located near the Quebec provincial border, approximately 25 kilometers east of Englehart, Ontario, in the Larder Lake Mining Division.

Under the terms of the 3-year option agreement, Sparton will issue a total of 400,000 common shares, incur a total of $250,000 in exploration expenditures on the Property, and make cash payments totaling $175,000 over the 3- year period, to earn a 100% interest in the Property, detailed as follows:

After receipt of Regulatory Approval: a cash payment of $25,000, issuance of a total of 100,000 common shares to the Vendors, and a commitment to incur exploration expenditures of $50,000 in first year. (Completed)

In Year 2: Cash payment of $50,000 (paid), 150,000 common shares to be issued to the Vendors (issued), and exploration expenditures of $100,000. (Completed).

In Year 3: Cash payment of $100,000, 150,000 common shares to be issued to the Vendors, and exploration expenditures of $300,000. (Optional)

Production Royalty: If commercial production takes place on the Pense Property, the Vendors, will be entitled to receive an annual production royalty (the “Royalty”) equal to 2% of Net Smelter Returns, as customarily defined. At any time after a feasibility study is completed for development of any part of the Property, ½ of this Royalty (or 1%) may be purchased by the Company for the sum of $2,000,000. The Company will also have a right of first refusal to purchase the remaining 1% NSR Royalty.

All cash payments, share issuances and royalty payments, if any, will be paid or issued as to 33.333% of the totals to each vendor.

VRB Energy

On March 15, 2021, VRB Energy announced a major new agreement for flow battery manufacturing and related activities. This included an agreement for China's largest solar battery; a 100MW solar & storage project in Hubei Province. The framework agreement also included provision for a 'Gigafactory' manufacturing facility and vanadium flow battery R&D institute.

VRB Energy announced this framework agreement for the 100 megawatt (MW) solar photovoltaic (PV) and 100MW / 500MWh vanadium flow battery integrated power station project located in Xiangyang, Hubei Province.

The agreement was signed by the Xiangyang Municipal Government, Hubei Pingfan New Energy, the Xiangyang High-tech State-owned Capital Investment and Operation Group, and VRB Energy at a ceremony on March 4, 2021. The initial 40MW / 200MWh VRB-ESS® and 50MW per annum of manufacturing started construction in 2021.

On July 2, 2021, VRB Energy announced an investment of US$24 million by BCPG PLC – a Thailand-based public company and developer and owner of renewable energy projects in Asia-Pacific region, with 900 megawatts (MW) in operating and a pipeline of over 2,200MW, across Southeast Asia, Japan and Australia.

On July 14, 2021, Sparton reported that VRB Energy's vanadium redox battery system has been selected for national evaluation in China.

In 2022 VRB Energy also tendered a contract to increase the 100 MW project for Hubei Province to 500 MW. The timing of awarding this contract was deferred until the new year, 2023 due to slowdowns related to the Covid 19 pandemic in PRC in 2022. The contract negotiations continue and a phased program is being proposed.

Chebucto Gas

Sparton holds an estimated 6.5% unitized working interest in the Chebucto natural gas field, in the Sable Island area of offshore Nova Scotia. This is part of the Scotia Offshore Energy Project ("SOEP"). SOEP gas production was terminated in 2018 by the operator Exxon–Mobil.

These include SDL 2286, part of the Chebucto gas field, in which the Company owns a 12.5 % working interest. Chebucto is located near the existing North Triumph production facilities. The SOEP supplies natural gas into the northeast seaboard areas of the United States and Canada. Sparton has owned the Chebucto interest since 1997.

There were no other new developments with Chebucto during the periods in 2022 and 2023. In 2013, the Company had re-assessed the value of the oil and gas properties and concluded an impairment of $553,914 and written down the value of the properties to $1 due to the continuing low price of natural gas.

Financial Highlights

Results of Operations

For the three months period ended March 31, 2024

The net loss from operation for the period in 2024 was $331,931 compared to $97,997 for 2023. The Company's contract drilling subsidiary, EDCOR, recorded $nil revenue in the period in 2023 (2023 - $nil). Operating expenses totalled $331,931 in the period in 2024 (2023 - $97,514). Main operating expenses include $238,587 exploration expenditures (2023 – $10,415), $53,927 (2023 - $47,150) general and administrative expenses, $12,960 (2023 - $14,316) management and consulting fees, $6,524 (2023 - $8,708) professional fees, $1,080 (2023 - $769) interests, $4,500 (2023 - $4,500) occupancy costs, $14,140 (2023 - $8,619) transfer agent filing and listing fees, and other expenses. The Company also recorded a $nil loss (2023 – $483) from marketable securities for the period. Loss per share for the period basic and diluted was $0.00 (2023 - $0.00). Cash used for operating activities was of $234,051 (2023 – $49,063) for the period ended March 31, 2024.

During the period in 2024, the Company reported cash from investing activities of $nil (2023 – $nil).

During the period ended March 31, 2024, the Company reported a total cash flow from financing activities of $nil (2023 – $nil).

Quarterly Information

The following table sets out selected quarterly financial information of Sparton and is derived from quarterly financial statements prepared by management:

	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022	Sept 30, 2022	June 30, 2022
Operating Revenue ($)	Nil	Nil	739,635	214,462	Nil	462,835	247,500	289,785
Total Net (Income) Loss ($)	331,931	168,671	96,649	(25,950)	97,997	(122,498)	189,712	78,023
Basic and Diluted Loss (gain) Per Share ($)	0.00	0.00	0.00	(0.00)	0.00	(0.00)	0.00	0.00

Liquidity and Financial Condition

As at March 31, 2024, Sparton had a liquidity concern. It had current assets of $234,438 (December 31, 2023 - $645,835), and a working capital deficit of $240,810 (December 31, 2023 – working capital of $80,482). Cash was $177,355 (December 31, 2023 - $411,406). Amount receivables were $48,792 (December 31, 2023 - $233,138). Property, plant and equipment assets were $31,835 at March 31, 2024 (December 31, 2023 - $42,474). Long term investment in VRB Energy valued at $1,547,442 (December 31, 2023 - $1,547,442). Current liabilities totalled $475,248 at March 31, 2024 (December 31, 2023 - $565,353). Included in the current liability were $119,922 (December 31, 2023 - $107,143) accounts payable and accrued liabilities, $228,235 (December 31, 2023 - $227,155) of loans payable, and $127,091 (December 31, 2023 - $231,055) due to related parties.

As at March 31, 2024, there was a short-term loan of $52,000 (December 31, 2023 - $52,000) bearing annual interest of 6%, payable on a quarterly basis in arrears, unsecured, and due on demand. As at March 31, 2024, there was $145,935 (December 31, 2023 -$145,155) interest payable accrued for this loan.

The Company had interest free government subsidy loans (CEBA) payable with a future payment of $30,300 as at March 31, 2024 (December 31, 2023 - $30,000) that is due on demand.

Non-controlling interests representing carrying value of the share interest held by minority shareholders in Sparton's subsidiary VanSpar was $347,788 as of March 31, 2024 ($348,070 as at December 31, 2023).

Capital Management:

The Company is not subject to any capital requirements by a lending institution or regulatory body, other than the TSX Venture Exchange ("TSX-V") which requires adequate working capital or financial resources of the greater of a) $50,000 and b) the amount required to maintain operations and cover general and administrative expenses for 6 months. As of May 28, 2024, the Company is compliant with this policy of the TSX-V.

Outstanding Share Data

Sparton's authorized capital consists of an unlimited number of common shares without par value. As at the date of this MD&A, there were 163,391,537 common shares issued and outstanding.

As of the date of this MDA, there are 2,700,000 share options outstanding and 8,450,000 warrants outstanding.

Related Party Transactions

The Company's related parties consist of the following:

Related parties	Relationship
A. Lee Barker	CEO and President; minority shareholder of VanSpar
Wes Roberts	Director
Richard D. Williams	Director; minority shareholder of VanSpar
Oriental Sources Inc.	A company controlled by the Company's CFO

Due to related parties	March 31, 2024 $	December 31, 2023 $
Consulting fees payable to Oriental Sources Inc. (i)	32,299	140,763
Rent and fees payable to Lee Barker (i)	94,792	90,292
Total	127,091	231,055

(i) During the period in 2024, $4,500 (2023 - $4,500) office space rent expenses were accrued for property owned by the President of the Company. The Company was also billed and paid $9,000 plus HST (2023 - $9,000) by a company controlled by the CFO of the Company for consulting fees which were recorded as management and consulting fees on the consolidated statement of loss.

(ii) In 2023 an officer of the Company subscribed for 1,000,000 FTSU and 1,250,000 NFTSU in the financing as described in Note 7(a)(2). The $100,000 proceeds were accounts receivable received in 2024.

The compensation expense associated with key management and directors for employment services or similar during the three months in 2024 and 2023 are as the follows:

	2024		2023	
Salaries, consultant fees and other benefits	$	9,000	$	9,000
	$	9,000	$	9,000

Recently Issued Accounting Pronouncements

The Company has determined that new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are either not applicable to the Company or that no material effect is expected on the financial statements as a result of adoption.

Critical Accounting Estimates and Judgements:

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates will, by definition, seldom equal the actual results. The following discussion sets forth management's:

- most critical estimates and assumptions in determining the value of assets and liabilities; and
- most critical judgments in applying accounting policies.

Please refer to Note 3 to the December 31, 2023, audited consolidated financial statements for the critical accounting estimates and judgements used by management for the financial statements.

Financial instruments and risk factors

The Company's current major projects are the Chebucto, offshore Nova Scotia, natural gas license, the nearby North Triumph license, the Bruell property, and the Sir Harry Oakes Mining property and the new Pense Polymetallic Project. Unless the Company acquires or develops additional project, the Company will be mainly dependent upon these projects. If no additional major mineral related assets are acquired by the Company, any adverse development affecting these assets would have a material adverse effect on the Company's financial condition and results of operations.

Other risk factors and the impact on the Company's financial instruments are summarized in the Note 4 to the December 31, 2023, audited consolidated financial statements. There have been no changes in the risks, objectives, policies and procedures from the previous period.

Please refer to the Note 4 to the December 31, 2023, audited consolidated financial statements of the Company for the discussions on the financial instruments the Company holds, and the risk factors and analysis.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Corporate Governance and Management's Responsibility for Financial Statements

Management of the Company is responsible for the preparation and presentation of the annual and interim consolidated financial statements and notes thereto and the accompanying MD&A and other information contained therein. Additionally, it is management's responsibility to ensure that the Company complies with the laws and regulations applicable to its activities. The Company's management is accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. Responsibility for the reviewing and approving of the Company's annual audited and quarterly unaudited consolidated financial statements and related MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management.

The consolidated financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information management must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

All relevant information related to the Company is filed electronically at www.sedar.com and on the Company's website at www.spartonres.ca.

Outlook

One of the challenges for clean electricity (wind and solar) is storage. The energy storage industry has now become a significant growth business with installations of clean electricity generation systems around the world. China has been particularly aggressive in this program with its movement to reduce pollution from its fossil fuel power plants. The best solution for power storage and grid distribution on a large scale appears to be the vanadium redox battery. Through Sparton's interest in vanadium, the Company's subsidiaries have been provided with the opportunity to be a participant in this exciting nascent global market. Recent China Central government policy statements are both encouraging and mandating the use of vanadium flow batteries in China and the VRB Energy business is expected to grow now that vanadium prices have moved to levels that make vanadium flow batteries competitive with systems such as lithium.

It is anticipated that new contracts for storage systems will be forthcoming both in China and internationally. VRB Energy is actively pursuing new sales opportunities and economical sources of vanadium both inside and outside of China.

Mineral exploration and mining objectives continue to be the focus of the Company's long-term plans as well as the ongoing search for other resource opportunities. With an emphasis on gold as a priority exploration target Sparton has recognized that, with the current economic situation and Covid-19 influence on the world economy, quality gold projects represent the best opportunity for financing and development.

The positive results achieved at Bruell during 2019 generated interest by Eldorado Gold to invest in the project as a joint venture partner and post the Covid-19 Quebec exploration lockdown new geophysical surveys, geochemical sampling and over 8,000m drilling was carried out there by Eldorado in 2023. Because Eldorado exercised its option to acquire a minimum of a 75% interest in Bruell Sparton is optimistic about the future of the program there.

By selecting projects near producing gold mines, the Company, if successful in locating new resources, has the potential for strong nearby partners to support additional exploration and development. With the ongoing

Canada / US dollar exchange rate very favorable for domestic gold producers the Company believes that seeking viable precious metals projects in Canada will continue to be its focus. The agreement with Eldorado Gold for Bruell in the Val d'Or area of Quebec (nearby Lamaque Mine) and acquisition of the Oakes mining leases near Alamos Golds' Young Davidson Mine near Matachewan Ontario, are examples of this Company strategy.

New financing initiatives to support all of these activities are being pursued by Company management on an ongoing basis. In a continuing depressed market for junior resource companies, Sparton has instituted significant cost-cutting measures and is actively seeking new clients for its drilling subsidiary, EDCOR, as a source of revenue.

New project opportunities are also becoming available as competitors struggle to raise financing and these are also being evaluated.

Subsequent Event

On April 22, 2024, the Company announced that Eldorado Gold Corporation ("Eldorado") has, effective April 18, 2024, exercised its option to acquire from Sparton an initial 75% (seventy five percent) interest in the Bruell gold project, east of Val D'Or, Québec.

Sparton and Eldorado had executed, effective April 18, 2024, a further amendment to the original Option Agreement to delete the twenty (20) business day further option period and replace it with a seventy-five (75) business day option period for Eldorado to implement the joint venture or decide if it wishes to acquire all of the remaining Sparton 25% interest for a combination of a $1.8 million cash payment (adjusted for CPI) and a residual 2% Net Smelter Return ("NSR") royalty. Fifty percent (50%) of the NSR can be purchased by Eldorado for $2.5 million at any time. This extension will enable transferring of the Bruell claim titles to Eldorado, preparation of joint venture documents and the efficient implementation of other things necessary for the property ownership change.

SPARTON RESOURCES INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited interim condensed consolidated financial statements of Sparton Resources Inc. ("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 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.

SPARTON RESOURCES INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended March 31, 2024 and 2023
(Expressed in Canadian dollars)

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SPARTON RESOURCES INC.

Unaudited Interim Condensed Consolidated Statements of Financial Position
As at March 31, 2024 and December 31, 2023

(Expressed in Canadian dollars)

	Notes	March 31, 2024	December 31, 2023
Assets			
Current assets			
Cash		177,355	411,406
Amounts receivable		48,792	223,138
Prepaid expenses		8,291	11,291
Total current assets		234,438	645,835
Property, plant and equipment	5	31,835	42,474
Long-term investment	11	1,547,442	1,547,442
Total assets		1,813,715	2,235,751

See accompanying notes to the unaudited condensed interim consolidated financial statements.

SPARTON RESOURCES INC.

Unaudited Interim Condensed Consolidated Statements of Financial Position
As at March 31, 2024 and December 31, 2023

(Expressed in Canadian dollars)

	Notes	March 31, 2024	December 31, 2023
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		119,922	107,143
Due to related parties	8	127,091	231,055
Loans payable	6	228,235	227,155
Total liabilities		475,248	565,353
Equity			
Common shares	7(a)	20,157,047	20,157,047
Warrants	7(c)	207,798	207,798
Contributed surplus	7(a)	354,018	354,018
Share-based payment reserve	7(b)	248,355	248,355
Accumulated other comprehensive income		634,184	634,184
Deficit		(20,610,723)	(20,279,074)
Equity attributable to shareholders		990,679	1,322,328
Non-controlling interests		347,788	348,070
Total equity		1,338,467	1,670,398
Total liabilities and equity		1,813,715	2,235,751

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 9)
Subsequent event (Note 12)

Signed: "Richard Williams", Director

Signed: "A. Lee Barker", Director

See accompanying notes to the unaudited interim condensed consolidated financial statements.

SPARTON RESOURCES INC.

Unaudited Interim Condensed Consolidated Statement of (Loss)
For the three months ended March 31, 2024 and 2023

(Expressed in Canadian dollars, except for per share amount)

	Notes	3 months ended March 31, 2024	3 months ended March 31, 2023
		$	$
Expenses			
Exploring and evaluating expenditures	5	238,587	10,415
General and administrative expenses	8	53,927	47,150
Investor relations		213	3,487
Management and consultant fees	8	12,960	14,316
Professional fees		6,524	8,708
Occupancy costs	8	4,500	4,500
Transfer agent, filing and listing fees		14,140	8,169
Interest expense and financing costs		1,080	769
		331,931	97,514
Loss before other income		(331,931)	(97,514)
Loss on sale of marketable securities		-	(483)
Net (loss)		(331,931)	(97,997)
Net (loss) per share, basic and diluted		(0.00)	(0.00)
Weighted average number of shares outstanding			
Basic and diluted		163,391,537	148,341,537
Net loss attributed to			
Non-controlling interests		(282)	-
Shareholders of the Company		(331,649)	(97,997)
		(331,931)	(97,997)

See accompanying notes to the unaudited condensed interim consolidated financial statements.

SPARTON RESOURCES INC.

Unaudited Interim Condensed Consolidated Statements of Comprehensive (Loss)

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

	Notes	3 months ended March 31, 2024	3 months ended March 31, 2023
		$	$
Net (loss) for the year		(331,931)	(97,997)
Other comprehensive income loss			
		(331,931)	(97,997)
Comprehensive loss attributed to			
Non-controlling interests		(282)	9,328
Shareholders of the Company		(331,649)	(107,325)
		(331,931)	(97,997)

See accompanying notes to the unaudited condensed interim consolidated financial statements.

SPARTON RESOURCES INC.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars, except shares)

	Note	Common shares					Accumulated other comprehensive		Subtotal shareholders'	Non-controlling	Total
	Note	Shares	Amount	Warrants	Contributed surplus	Share-based payment reserve	Income (loss)	Deficit	equity	interests	equity
			$	$	$	$	$	$	$	$	$
Balance at December 31, 2022		**148,341,537**	**19,679,721**	**22,259**	**354,018**	**237,689**	**673,875**	**(19,989,808)**	**977,754**	**350,554**	**1,328,308**
Net loss		-	-			-	-	(97,997)	(97,997)	-	(97,997)
Balance at March 31, 2023		**148,341,537**	**19,679,721**	**22,259**	**354,018**	**237,689**	**673,875**	**(20,087,805)**	**879,757**	**350,554**	**1,230,311**
Balance at December 31, 2023		**163,391,537**	**20,157,047**	**207,798**	**354,018**	**248,355**	**634,184**	**(20,279,074)**	**1,322,328**	**348,070**	**1,670,398**
Net loss		-	-			-	-	(331,649)	(331,649)	(282)	(331,931)
Balance at March 31, 2024		**163,391,537**	**20,157,047**	**207,798**	**354,018**	**248,355**	**634,184**	**(20,610,723)**	**990,679**	**347,788**	**1,338,467**

See accompanying notes to the unaudited condensed interim consolidated financial statements.

SPARTON RESOURCES INC.

Unaudited Interim Condensed Consolidated Statements of Cash Flows
For the three months ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

	Notes	3 months ended March31, 2024	3 months ended March 31, 2023
		$	$
Operating activities			
Net loss		(331,931)	(97,997)
Items not involving cash			
Amortization of property, plant and equipment		10,639	6,990
Accrued interest expense		1,080	769
Loss on sale of marketable securities		-	483
		(320,212)	(89,755)
Changes in non-cash working capital		86,161	40,692
		(234,051)	(49,063)
(Decrease) increase in cash		(234,051)	(49,063)
Cash, beginning of period		411,406	80,556
Cash, end of period		177,355	31,493

See accompanying notes to the unaudited condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Sparton Resources Inc. (the "Company" or “Sparton”) was incorporated in Ontario, Canada, pursuant to the Business Corporation Act (Ontario). Its common shares are listed on the TSX Venture Exchange (“TSX-V”). The Company’s registered head office address is 81A Front Street East, Unit 216, Toronto, Ontario, M5E 1Z7. It is an exploration and development stage company and has interests in exploration properties in Canada.

The majority of the Company’s efforts were devoted to financing exploration for a number of resource projects, seeking new business for the drilling operation and assisting in the development of the vanadium redox flow battery business. The Company has completed initial exploration drilling programs on its Ontario and Quebec, Canada, gold projects. The Company continues to evaluate and seek new domestic and international exploration opportunities.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles 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 have to realize its assets and liquidate its liabilities and commitments at amounts different from those in the accompanying unaudited condensed interim consolidated financial statements. These adjustments could be material.

Management is pursuing initiatives intended to address the current working capital deficiency. As at March 31, 2024, the Company had a working capital deficiency of $240,810 (December 31, 2023 – working capital $80,482) and a deficit of $20,610,723 (December 31, 2023 - $20,279,074). Due to the continuing operating losses, the Company’s ability to continue as a going concern is dependent upon 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 operations. The Company has an available investment that is carried on the books at a value of $1,547,442 as of March 31, 2024. Should the Company be able to liquidate this investment at the carried value or more, the Company should be able to meet its financial obligations and continue operations in the near future. Management believes it will be successful in obtaining the necessary funding to continue operations in the normal course of operations; however, there is no assurance that these funds will be available on terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Statement of Compliance:

These unaudited condensed interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standard Board (“IASB”), and the IFRS Interpretations Committee (formerly “IFRIC”). They were also prepared in accordance with IAS34, Interim Financial Reporting. These accounting policies are based on the IFRS standards and IFRIC interpretations that are expected to be applicable at December 31, 2024. These unaudited condensed interim consolidated financial statements were approved by the board of directors of the Company on May 28, 2024.

The policies used for preparation of these unaudited interim condensed consolidated financial statements were the same accounting policies and methods of application as the audited consolidated financial statements of the Company for the year ended December 31, 2023 and were consistently applied to all the periods presented unless otherwise noted below. They do not include all of the information and disclosures required for annual financial statements. For further information, see the Company’s audited consolidated financial statements for the year ended December 31, 2023.

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(Unless otherwise stated, all amounts are in Canadian dollars)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Basis of Consolidation:

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries and joint operations, as noted below.

Entity	Incorporation	Ownership March 31, 2024	Ownership December 31, 2023
EDCOR Drilling Services Inc.	Canada	100.00%	100.00%
Sparton International Holdings Inc.	BVI	100.00%	100.00%
VanSpar Mining Inc.	BVI	90.00%	90.00%

As at March 31, 2024 and December 31, 2023, the Company wholly owned EDCOR Drilling Services Inc. ("EDCOR") and Sparton International Holdings Inc. ("SIH"). SIH owned an 90% interest in VanSpar Mining Inc. ("VanSpar").

Subsidiaries are entities over which the Company has control, where control is determined based on whether the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The effects of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated when control is transferred to the Company, and become unconsolidated when control ceases.

Intercompany transactions and balances between subsidiaries are eliminated upon consolidation.

The Company has assessed the nature of its joint arrangement and determined it to be classified as a joint operation. The Company's subsidiary EDCOR has a joint operation with a joint operation partner. In 2017, the Company's subsidiary VanSpar entered into a profit-sharing agreement with a private investor. The Company has determined this profit-sharing agreement is a joint operation.

IFRS 11 "Joint Arrangements" requires an entity to consider whether a joint arrangement is structured through a separate vehicle, as well as the terms of the contractual arrangement and other relevant facts and circumstances, to assess whether the parties are entitled to the net assets of the joint arrangement (a "joint venture") or to a share of the assets and liabilities of the joint arrangement (a "joint operation"). Joint ventures are accounted for using the equity method, whereas joint operations are accounted for by recognizing the parties' right to the assets and obligations for the liabilities.

Recently Issued Accounting Pronouncements

The Company has determined that new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are either not applicable to the Company or that no material effect is expected on the financial statements as a result of adoption.

(Unless otherwise stated, all amounts are in Canadian dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. The following discussion sets forth management's:

- most critical estimates and assumptions in determining the value of assets and liabilities; and
- most critical judgments in applying accounting policies.

The critical accounting estimates and judgements used for preparation of these unaudited interim condensed consolidated financial statements were the same as the audited consolidated financial statements of the Company for the year ended December 31, 2023.

4. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT

Financial Instruments

Financial instruments measured at fair value on the statement of financial position require classification into one of the following levels of the fair value hierarchy:

Level 1–Unadjusted quoted prices inactive markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2–Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3–Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

				As at March 31, 2024
	Level 1 $	Level 2 $	Level 3 $	Total $
Cash	177,355	-	-	177,355
Investment available for sale	-	-	1,547,442	1,547,442
	177,355	-	1,547,442	1,724,797

				As at December 31, 2023
	Level 1 $	Level 2 $	Level 3 $	Total $
Cash	411,406	-	-	411,406
Investment available for sale	-	-	1,547,442	1,547,442
	411,406	-	1,547,442	1,958,848

4. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT (Continued)

The carrying value of cash approximate their fair value because of the short-term maturity of these instruments.

The Company's subsidiary VanSpar has an investment in a private company: VRB Energy. This investment has been classified as a financial asset of fair value through other comprehensive income ("FVTOCI"). At March 31, 2024, the fair value of the investment available for sale was revalued to be $1,547,442 (December 31, 2023 - $1,547,442), based on a private placement price of shares of VRB Energy of US$0.065 per share in July 2019 (Note 11). The fair value of this investment did not change significantly during the year 2023 and the period in 2024.

The loans payable and the due to related parties are interest-bearing loans and borrowings valued at amortized cost using the effective interest rates of the loans.

Risk factors and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous year.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with reputable Canadian chartered banks which are closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and accounts receivable.

Liquidity Risk

The Company has a liquidity concern. As at March 31, 2024, the Company had a cash balance of $177,355 to settle current liabilities of $475,248. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The loans payable plus interest of $228,235 are due on demand. The Company will continue its efforts to obtain adequate financing and reach profitable levels of operations, or liquidate the asset for sale.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices. The impact of currency risk is noted below.

Interest Rate Risk

The Company carries loans payable on which interest is payable at a fixed rate. The Company currently does not carry interest bearing debt at floating rates.

4. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT (Continued)

Foreign Currency Risk

The Company is exposed to foreign exchange rate risk, as a portion of the Company's business is carried out in US dollars ("USD") and the Company and its subsidiaries maintain USD denominated bank accounts. Unfavorable changes in the applicable exchange rate between USD and the Canadian dollar may result in a change in foreign exchange gain or loss. The Company and its subsidiaries do not use derivative instruments to reduce the exposure to foreign currency risk.

The Company's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the purchase of properties and the purchase of services, materials and equipment from suppliers invoiced in foreign currencies. As at December 31, 2023, approximately 69% of its assets were carried in foreign currencies, and approximately 0% of expenses in 2023 were incurred in foreign currencies.

The Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than the Canadian dollar:

Balances as at March 31, 2024	US$
Investment held for sale	1,170,000
Net exposure	1,170,000

Securities Price Risk

The Company's subsidiary VanSpar has investment in a private company VRB (Note 11). This investment has been classified as financial assets measured at fair value, with any resultant gain or loss being recognized directly under other comprehensive income (loss). Unfavorable changes in the price of the JDH shares may result in a material change in the value of the investment and in other comprehensive income or loss.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" in the year:

(i) Interest rate risk is remote as the interest rate on the Company's loans payable is fixed.

(ii) As at March 31, 2024, a 10% fluctuation in the exchange rate from US$ to CDN$ will have an impact of about $117,000 on its comprehensive loss.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of vanadium. Commodity prices have fluctuated widely in recent periods. There is no assurance that commercial quantities of commodities may be produced in the future, or that a profitable market will exist for them. A decline in the market price of the commodities may affect the completion of future equity transactions and may also affect the Company's liquidity and its ability to meet its ongoing obligations.

5. EXPLORATION AND EVALUATION PROJECTS

Sir Harry Oakes Gold Property, Canada

On Sept. 25, 2019, the Company announced that it secured an option to purchase a strategic gold prospect, comprising 3 Mining Leases (the "Leases") in the Matachewan gold mining area of northern Ontario. In addition, the Company also acquired through staking, an additional 12 Mining Claim Units (approximately 300 hectares) adjacent to the area of the Mining Leases (the "Claims").

Sparton executed a 4-year Option to Purchase Agreement with a private owner of the Leases whereunder it has the right to purchase a 100% interest in the Leases.

On July 6, 2020, the Company announced that it acquired 18 additional mining claim units adjacent to or nearby to the Oakes Mining Leases for a cash consideration of $6,000. On September 4, 2020, the Company received a work permit for the project, and commenced a drill program on the project on October 19, 2020.

On November 25, 2020, the Company announced that it signed, effective November 17, 2020, a Memorandum of Understanding ("MOU") with the Matachewan First Nation ("MFN") related to its exploration activities on the Sir Harry Oakes Gold Project, near Matachewan, Ontario. MFN is a signatory to Treaty No. 9 and holds inherent aboriginal and treaty rights to and over their traditional territory, which includes the Mining Leases and claims held by Sparton and referred to as the Sir Harry Oakes Project. The MOU recognizes these rights and provides for a mutually beneficial and cooperative relationship between the parties. The MOU, among other things, contemplates the possibility of an Investment Benefit Agreement ("IBA") in the future if the project is successful in advancing the project to advanced exploration and development stages and completion of a positive feasibility study. Additionally, the Company will compensate MFN for its exploration activities in the MFN area by issuing to MFN 50,000 Sparton common shares with a deemed value of $0.06 each, and 50,000 Share Purchase Warrants ("SPW"s). The SPWs are valid for a period of three years from November 17, 2020, and entitled MFN to purchase up to 50,000 additional common shares of the Company at a price of $0.10 per share. As further compensation Sparton will pay MFN on an annual basis, 2% (percent) of its audited exploration costs directly related to the expenses on the Oakes Project. The MOU is valid and in effect until Sparton has either ceased its activities on the Project or an IBA agreement is concluded. 50,000 warrants issued by the Company to MFN on December 1, 2020 expired in 2023.

Bruell Property, Canada

On August 11, 2017 the Company entered into an option agreement with two independent prospectors (the "Vendors") to explore the 20 claim Bruell Property ("the Property") in Vauquelin Township, Quebec.

Under the terms of the 5-year option agreement Sparton issued a total of 1,500,000 Common Shares, incurred a total of $1,500,000 in exploration expenditures on the claims, and made cash payments totaling $300,000 to earn a 100% interest in the Property, all of which the Company completed in 2023.

Production Royalty: If commercial production takes place on the Bruell property, the Vendors collectively, will be entitled to receive an annual production royalty (the "Royalty") equal to 2% of Net Smelter Returns as customarily defined. At any time after a feasibility study is completed for development of any part of the Property ½ of this Royalty (or 1%) may be purchased by the Company for the sum of $1,000,000. All cash payments share issuances, and royalty payments if any, will be paid or issued as to 50% of the totals to each prospector.

On October 21, 2019, the Company announced 15 additional mining claims have been acquired from a private prospector extending the original 36 Bruell mining claims.

On December 16, 2019, Sparton announced that it had executed definitive agreements including an Option Agreement with Eldorado Gold Corporation ("Eldorado") to grant an option to Eldorado to earn up to an initial 75% interest ("Option") in the Bruell Project. Under the Option Agreement Eldorado made all cash payments and funded all the expenditures required under the existing Property Option Agreement between the Company and the original optionors. Sparton received a cash payment of $150,000 as partial compensation for past expenditures that was recorded as recovery of exploration expenses in the consolidated statements of (loss). Eldorado, having made all cash payments and funded all expenditures required now has the right to have Sparton participate in a new joint-venture in which Sparton will hold a 25% interest, or buy-out Sparton's 25% interest for $1.8 million adjusted for the Consumer Price Index at the time Eldorado makes the election, in which case Sparton will be granted a 2% Net Smelter Return Production Royalty ("NSR"), and 50% of the NSR can be purchased by Eldorado for $2.5 million at any time.

5. EXPLORATION AND EVALUATION PROJECTS (Continued)

The Company has completed the earn-in and exercised its option to acquire 100% of the 51-claim Bruell Property. It did so by issuing a total of 1.5 million common shares of the Company, making $300,000 in cash payments to the vendors, and incurring $1.5 million in exploration expenditures on the claims.

In 2022, Eldorado completed 11 diamond drill holes totaling 4,745 meters. In 2023 Eldorado planned approximately 8000 meters of additional drilling at Bruell in 21 holes and completed an additional 9,430 meters of drilling in 18 holes in the first quarter of 2023 with some positive results. On February 13, 2024 the Company and Eldorado executed an agreement extending the Option Agreement decision date for the Bruell gold project until April 19, 2024. See the subsequent event Note 12.

Mineral Claims, Canada

In late 2015 and early 2016 the Company, jointly with an independent consultant (as to 50% ownership each) staked a number of mineral claims (29) totalling 1388 hectares in the Wemindji diamond exploration area of Northern Quebec. On May 9, 2016 the Company executed an agreement with Honey Badger Exploration Inc. where under it sold its 50% interest in these claims for a total consideration of $5,000 cash and 1,000,000 common shares of Honey Badger. The Company and the Consultant will each retain a 1% Net Smelter Return Royalty on any mineral production from these claims. These royalties can be purchased at any time for a total of $1,000,000 each.

Pense Property, Canada

On November 3, 2022 the Company announced that it entered into an option agreement with three independent prospectors (collectively, the “Vendors”) to explore the 39 claim (865 hectare) Pense Property (“the Property”) in Pense Township, Ontario. The claims are located near the Quebec provincial border, approximately 25 kilometers east of Englehart, Ontario, in the Larder Lake Mining Division.

Under the terms of the 3-year option agreement, Sparton will issue a total of 400,000 common shares, incur a total of $250,000 in exploration expenditures on the Property, and make cash payments totaling $175,000 over the 3- year period, to earn a 100% interest in the Property, detailed as follows:

Upon Receipt of Regulatory Approval: a cash payment of $25,000, issuance of a total of 100,000 common shares to the Vendors, and a commitment to incur exploration expenditures of $50,000 in first year. (Completed)

In Year 2: Cash payment of $50,000, 150,000 common shares to be issued to the Vendors (issued in October 2023 valued at $4,500), and exploration expenditures of $100,000. (Completed).

In Year 3: Cash payment of $100,000, 150,000 common shares to be issued to the Vendors, and exploration expenditures of $300,000. (Optional)

Production Royalty: If commercial production takes place on the Pense Property, the Vendors, will be entitled to receive an annual production royalty (the “Royalty”) equal to 2% of Net Smelter Returns, as customarily defined. At any time after a feasibility study is completed for development of any part of the Property, ½ of this Royalty (or 1%) may be purchased by the Company for the sum of $2,000,000. The Company will also have a right of first refusal to purchase the remaining 1% NSR Royalty. All cash payments, share issuances and royalty payments, if any, will be paid or issued as to 33.333% of the totals to each vendor.

(Unless otherwise stated, all amounts are in Canadian dollars)

6. LOANS PAYABLE

1) As at March 31, 2024 there was a short-term loan of $52,000 (December 31, 2023 - $52,000) bearing an annual interest of 6% payable on a quarterly basis in arrears, unsecured, and due on demand. As at March 31, 2024 there was $145,935 (December 31, 2023 - $145,155) interest payable accrued for this loan.
2) In June 2020, the Company's obtained a $40,000 in revolving credit from the Government of Canada under the Canada Emergency Business Account (CEBA) Covid-19 Economic Response Plan. The funding is granted in the form of an interest free revolving credit line of which up to $40,000 may be drawn. Effective January 18, 2024, any outstanding balance on the term loan shall bear interest at a rate of 5% per annum. The loan has not been repaid in 2024 and is due on demand. As of March 31, 2024, interest payable was $300.

7. CAPITAL STOCK

(a) Common Shares

Authorized: Unlimited common shares
Issued: 163,391,537 common shares

Date	Description	No. of shares	Amount
December 31, 2022		148,241,537	$19,679,721
	Shares issued for property (1)	250,000	8,500
	Shares issued in private placement (2)	14,800,000	531,844
	Share issuance costs (2)	-	(63,018)
December 31, 2023 and March 31, 2024		163,391,537	$20,157,047

1) On March 15, 2023, total of 100,000 common shares were issued to the Pense property as described in Note 6 that were valued at $4,000. On October 25, 2023, 150,000 common shares were issued to the Vendor for $4,500.

2) On December 29, 2023 the Company closed a private placement financing through the sale of 11,500,000 Flow Through Share Units ("FTSU") at a price of $0.05 per FTSU and 3,300,000 Non-Flow Through Share Units (NFTSU) at a price of $0.04 per NFTSU. The Proceeds in total are $707,000, of which $500,000 received during the year, and $207,000 was received after year end was shown as account receivable in consolidated statement of financial position. Each FTSU or NFTSU consists of one common share of the Company and one-half Share Purchase Warrant. Each Share Purchase Warrant from FTSU entitles the holder to purchase one additional common share of the Company at a price of $0.08 until December 29, 2025. Each Share Purchase Warrant from NFTSU entitles the holder to purchase one additional common share of the Company at a price of $0.06 until December 29, 2025. The proceeds of $575,000 for the FTSU were allocated $433,815 to shares and $141,185 to warrants. The warrants from FTSU were valued at grant date at December 29, 2023 using a Black-Scholes model. Assumptions used to determine the value of the options using the Black-Scholes model were stock price $0.04; dividend yield 0%; risk-free interest rate 4.07%; expected annual volatility 158%; and expected life of 2 years. The proceeds of $132,000 for the NFTSU were allocated $98,029 to shares and $33,971 to warrants. The warrants from NFTSU were valued at grant date at December 29, 2023 using a Black-Scholes model. Assumptions used to determine the value of the options using the Black-Scholes model were stock price $0.04; dividend yield 0%; risk-free interest rate 4.07%; expected annual volatility 158%; and expected life of 2 years. The Company paid cash finders fee of $50,000 and issued 500,000 warrants (valued at $13,018) to finders for the FTSU that were recorded as share issue costs.

(Unless otherwise stated, all amounts are in Canadian dollars)

7. CAPITAL STOCK (continued)

(b) Share-based payment reserve

The Company, under its shareholder approved stock-option plan, has granted options for the purchase of common shares to employees, directors, officers and other service providers. The aggregate number of common shares reserved for issuance under this plan is limited to 10% of the aggregate number of common shares outstanding. The plan provides that the exercise price of an option granted under the plan shall not be less than the market price at the time of granting the option. Options have a maximum term of 5 years, vest immediately upon issue, unless otherwise stated, and terminate on the 90th day after the optionee ceases to be any of, an employee, director or consultant of the Company.

On March 31, 2024 there were 2,700,000 (December 31, 2023 - 2,700,000) options outstanding of which 2,700,000 were exercisable.

(c) Warrants

Pursuant to the December 2022 private placement as described in Note 7(a), 550,000 warrants were issued. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.12 until December 30, 2024.

Pursuant to the December 2023 private placement as described in Note 7(a), 7,900,000 warrants were issued. Each of the 5,750,000 warrants entitles the holder to purchase one common share of the Company at an exercise price of $0.08 until December 29, 2025. Each of the 1,650,000 warrants entitles the holder to purchase one common share of the Company at an exercise price of $0.06 until December 29, 2025.

8. RELATED PARTY TRANSACTIONS

The Company’s related parties consist of the following:

Related parties	Relationship
A. Lee Barker	CEO and President; minority shareholder of VanSpar
Wes Roberts	Director
Richard D. Williams	Director; minority shareholder of VanSpar
Oriental Sources Inc.	A company controlled by the Company's CFO

Due to related parties	March 31, 2024 $	December 31, 2023 $
Consulting fees payable to Oriental Sources Inc. (i)	32,299	140,763
Rent and fees payable to Lee Barker (i)	94,792	90,292
Total	127,091	231,055

(i) During the period in 2024, $4,500 (2023 - $4,500) office space rent expenses were accrued for property owned by the President of the Company. The Company was also billed and paid $9,000 plus HST (2023 - $9,000) by a company controlled by the CFO of the Company for consulting fees which were recorded as management and consulting fees on the consolidated statement of loss.

(ii) In 2023 an officer of the Company subscribed for 1,000,000 FTSU and 1,250,000 NFTSU in the financing as described in Note 7(a)(2). The $100,000 proceeds were accounts receivable received in 2024.

(Unless otherwise stated, all amounts are in Canadian dollars)

8. RELATED PARTY TRANSACTIONS (continued)

The compensation expense associated with key management and directors for employment services or similar during the three months in 2024 and 2023 are as the follows:

	2024	2023
Salaries, consultant fees and other benefits	$ 9,000	$ 9,000
	$ 9,000	$ 9,000

9. COMMITMENTS AND CONTINGENCIES

(a) The Company's exploration activities are subject to various federal, 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 believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(b) See Note 11 the Company's commitment on the profit sharing with the private investor upon the sale of the Additional Shares in VRB.

(c) See Note 5 on the commitment on acquisition of Sir Harry Oakes property.

10. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of common shares and share-based payment reserve. The Company manages its capital based on the acquisition and investment opportunities in the course of its business to support the on-going operations of the business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's primary sources of capital were funds generated from issuance of common shares, debentures and debts, and the exercise of stock options and warrants, and revenues provided by the drilling business.

There were no changes in the Company's approach to capital management during the periods presented. The Company and its subsidiaries are not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

11. THE VANSPAR VRB ENERGY INVESTMENT

The Company's 90% owned subsidiary, VanSpar Mining Inc.("**VanSpar**") in 2016 received 18,000,000 common shares of VRB Energy Inc. ("VRB Energy") a Cayman Islands company and manufacturer of vanadium flow batteries with a factory in Tongzhou (Beijing) China.

In 2017 VanSpar executed a profit-sharing agreement with a private investor to acquire Additional Shares in VRB Energy. Under the profit-sharing agreement, the private investor provided funds required for VanSpar to participate and acquire more shares ("Additional Shares") in VRB Energy's future financing, to maintain VanSpar's original 18% percent interest in VRB Energy. Once the Additional Shares are sold in a liquidation event, the investor will be entitled to 80% of the profit (calculated as proceeds of sales minus transaction costs minus the principal fund provided by the private investor plus 7% annual interest) and VanSpar will be entitled to 20% of the profit. In case there is no profit or even a loss, VanSpar will not be responsible for repayment of the principal funds provided by the investor. In 2017 VanSpar had received a total of US$900,000 from the private investor to participate in acquisition of 13,953,488 VRB Energy shares. The Company has determined this profit-sharing agreement is a joint operation. There is no downside risk to the Company as VanSpar does not have obligation to repay the full principal fund, therefore the Company has not recorded the funding provided by the private investor as a financial liability and has not recorded the Additional Shares as a financial asset.

VanSpar's total 31,953,482 VRB shares represent about 9.9% share interest in VRB Energy. Ivanhoe Electric Inc., a company listing in New York Stock Exchange, owns the other 90.1% of VRB Energy. The Company valued the 18,000,000 VRB Energy shares it owned as at March 31, 2024 to be $1,547,442 (December 31, 2023 - $1,547,442).

12. EVENTS AFTER THE REPORTING PERIOD

On April 22, 2024, the Company announced that Eldorado Gold Corporation ("Eldorado") has, effective April 18, 2024, exercised its option to acquire from Sparton an initial 75% (seventy five percent) interest in the Bruell gold project, east of Val D'Or, Québec.

Sparton and Eldorado also executed, effective April 18, 2024, a further amendment to the original Option Agreement to delete the twenty (20) business day further option period and replace it with a seventy-five (75) business day option period for Eldorado to implement the joint venture or decide if it wishes to acquire all of the remaining Sparton 25% interest for a combination of a $1.8 million cash payment (adjusted for CPI) and a residual 2% Net Smelter Return ("NSR") royalty. Fifty percent (50%) of the NSR can be purchased by Eldorado for $2.5 million at any time. This extension will enable transferring of the Bruell claim titles to Eldorado, preparation of joint venture documents and the efficient implementation of other things necessary for the property ownership change.