SPARTON

2023

ENERGY STORAGE AND SPECIALTY METALS

UNIQUE OPPORTUNITIES IN A CHANGING WORLD

<u>THIRD QUARTER – 2023</u>

MANAGEMENT DISCUSSION AND ANALYSIS

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SPARTON RESOURCES INC.

SPARTON RESOURCES INC.
For the nine-month period ended September 30, 2023

Management's Discussion and Analysis dated November 28, 2023

The following discussion and analysis of results of operations of Sparton Resources Inc. ("Sparton" or the "Company") and its subsidiaries for the period ended September 30, 2023, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period and the audited consolidated financial statements for the year ended December 31, 2022, 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 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:

In 2016, under a Share Acquisition Agreement (the "SAA") between private investment corporation, HPX TechCo Inc., and VanSpar, HPX TechCo Inc. agreed to directly fund the acquisition of the shares of JD Holding Inc. ("JDH") for US$ 3.3 million (the "Funding Transaction"), pursuant to an existing share purchase agreement between VanSpar and JDH, a private company that owned a leading vanadium battery manufacturer and distributor and its security holders. JDH was later renamed Pu Neng Energy in China and JDH renamed VRB Energy Inc. ("VRB Energy") internationally.

In consideration for HPX TechCo Inc. funding the acquisition cost together with a further US$2,000,000 for working capital and US$605,000 paid to VanSpar, VanSpar caused 82% of the VRB Energy shares to be transferred to HPX TechCo Inc., with the remaining 18% being retained by VanSpar (the “VRB Transaction”).

The VRB Transaction was financed by HPX TechCo Inc., which provided the purchase price funding of US$ 3.3 million payable to the then current security holders of VRB Energy, with payment of at least US$1,650,000 on closing. The balance of the purchase price could be reduced by up to US$300,000 for financial obligations or liabilities of the VRB Energy subsidiaries after closing. The net balance of the purchase price would be paid to the then current VRB Energy security holders after closing.

The VRB Transaction also required a minimum US$2 million investment within 20 business days after closing, to provide working capital to reactivate the VRB Energy subsidiaries' operations. These funds were also to be invested by HPX TechCo.

In addition, under the terms of the restructured transaction, in the event that VRB Energy or its affiliates acquire certain vanadium assets in China within 5 years after closing, VanSpar will receive a finder’s fee equal to 5% of the value of the acquired assets up to a maximum of US$250,000.

The VRB Transaction and the Funding Transaction were closed before December 31, 2017. US$1,650,000 had been paid to the former shareholders of VRB Energy in 2017, and US$1,650,000 ($2,215,636) had been received and held by the Company and paid to the former shareholders of VRB Energy. VanSpar received a US$605,000 transaction fee payment from HPX TechCo shortly after closing as per the terms of the Funding Transaction, which together with the 9,000,000 VRB Energy common shares (equal to 18% equity in VRB) received and valued at $700,000 was recorded as other income in 2017. The 9,000,000 VRB Energy common shares (split into 18,000,000 shares on November 30, 2017) were revalued to $1,587,133 at December 31, 2022 and September 30, 2023.

In 2017, the Company’s subsidiary VanSpar executed a profit-sharing agreement with a private investor for VanSpar to acquire additional shares in VRB Energy. Before the agreement VanSpar owned 9,000,000 common shares of VRB Energy or 18% of the total VRB Energy shares. Under the profit-sharing agreement, the private investor agreed to provide funds required for VanSpar to participate in any VRB Energy financing and acquire additional VRB Energy shares (“Additional Shares”) in VRB Energy’s future financings, to maintain VanSpar’s 18% in VRB Energy. The funds could be used only for this purpose.

Once the Additional Shares are sold subsequent to a liquidity event, the investor will be entitled to 80% of the profits from sales of VRB Energy shares acquired by the investor, (calculated as proceeds of sales minus transaction costs minus the principal fund provided by the investor plus 7% annual interest). VanSpar would entitled to receive 20% of the profit. In the event that there is no profit or even a loss, VanSpar will not be responsible for repayment of the principal funds to the investor. In 2017, VanSpar participated in a VRB financing where VRB Energy raised US $5 million through the sale of 38,759,690 shares at a deemed value of USD$0.129 per share, completed by 5 tranches. As of December 31, 2017, VanSpar had received five payments for a total of US$900,000 from the private investor to participate in this financing and had made five payments to VRB Energy for purchase of 6,976,744 Additional Shares. The Company has determined this profit-sharing agreement with the investor to be a joint operation and had recognized no share of gain, asset or liability as of December 31, 2021 and December 31, 2022. 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.

On July 12, 2019, VanSpar received a new financing and debt conversion notice from VRB Energy whereunder in order to maintain its 18% share interest in VRB Energy, it was required to subscribe to the purchase of an additional 31,331,863 VRB Energy shares at a price of USD$0.065 per VRB Energy share for a total cost of USD$2.036 million to VanSpar.

VanSpar did not participate in the financing and now retains its original 31,953,488 VRB Energy shares representing a 9.8 percent share interest in VRB Energy. With a share ownership now below 10% VanSpar no longer is entitled to nominate its representative to the VRB Energy board of directors.

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 will be 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 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, on August 30, 2023, 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 8Mwh GEN1 vanadium flow battery installed at the North China State Grid Zhangbei Renewable Energy Generation and Storage Demonstration Site about 180 km north of Beijing PRC.

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 year ended December 31, 2022, the Company reported $1,141,865 drilling revenue and a cost of drilling of $808,820. In Q2 2023, EDCOR executed a new contract for 6,000 meters of core drilling in an area west of Sudbury, Ontario. It reported $214,462 drilling revenue in the period in 2023 with a cost of $127,827. It is actively negotiating new contracts for the rest of 2023 season.

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. 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 December 16, 2019, Sparton announced that it executed an Option Agreement with Eldorado Gold Corporation ("Eldorado") granting Eldorado the option to earn up to an initial 75% interest ("Option") in the Bruell Project Eldorado 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.

This agreement may provide the Company with up to $4.5 million in cash payments and an ongoing 1% net smelter return royalty should Sparton not participate in future equity development.

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. Complete assays are now available. The drilling work (9 holes) concentrated on the area between the Avocalon /Aurora shaft and the area where Sparton drilling in 2018-2019 located several wide shear zones with anomalous gold mineralization. Please see Sparton News Release dated April 25, 2019. Two holes (numbers 10 and 11) were drilled about 2,500 meters to the east of this area to test a gold-in-till geochemical anomaly.

Eldorado's 2022 work also involved structural analysis of the geometry of the mineralized intervals to determine true thickness. As well, limited trenching, stripping and sampling where feasible, was completed in the central claim area. No drilling was done in the vicinity of the Bruell 1 and Bruell 2 shaft areas to the north and west of Avocalon/Aurora area. A map showing the drill hole locations will be posted on the Sparton website at www.spartonresources.com. The Hole Collar Table for the Bruell drilling follows the text of this news release.

Exploration activities on the Bruell project have been conducted under the direct supervision of Eldorado Gold Québec employee Nathalie Prud'homme, P.Geo. from Eldorado Gold who is a qualified person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), and has verified and approved, the scientific and technical disclosure contained in this press release in relation to the Bruell project. Eldorado operates its exploration programs according to industry best practices and employs rigorous quality assurance and quality control procedures. All results are based on half-core samples of diamond drill core. Drill core samples were prepared and analyzed at ALS-Chemex Laboratories in Val d'Or, Quebec. All gold assays are based on fire assay analysis of a 30 gm charge followed by an atomic absorption finish. Samples with gold grades above 5.0 g/t were re-assayed and completed with a gravimetric finish. Some of the samples were prepared and analyzed at the MSA Lab in Val-d'Or where a 500 gm charge is analyzed for gold by gamma ray with photon assay instrumentation. Certified standard reference materials, field duplicates and blank samples were inserted regularly and were closely monitored to ensure the quality of the data.

Eldorado has successfully completed its option commitments but has not yet exercised its option. The completion of the required work and payments to the vendors by Eldorado has enabled the Company to complete acquisition of the Bruell Property, as mentioned above.

Eldorado requested, and Sparton agreed to a one-year extension on the Eldorado Option Agreement up until December 16, 2023. In consideration for the extension, Eldorado has agreed to carry out a minimum of 4,000 metres of additional drilling as a new option commitment. The additional drilling will test several geochemical (till) anomalies, as well as follow-up holes on positive results from the recently completed 2022 drilling program. All other material terms of the Eldorado Option Agreement remain unchanged. Under the terms of the Eldorado Option, Eldorado has the right to require Sparton to 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. Eldorado would also be responsible for the royalty payable to the original vendors under the buy-out option if it elects the buy-out.

Eldorado has completed approximately 9430 meters of additional drilling in 2023 with some positive results including the discovery of the new Penguin Zone where visible gold has been found in several quartz-tourmaline veins not previously located.

Sir Harry Oakes Gold Property, Canada

On September 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 also acquired through staking and acquisition an additional total of 14 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. The Company must cover the Lease renewal costs on behalf of the current private owner and planned an exploration program on the Leases and Claims. If the Company elects to exercise its option and purchase the Leases it will pay the current private owner a total of 1,500,000 common shares of the Company over the 4-year option period, and the current owner will be eligible to receive a 1% Net Smelter Return Production Royalty from production on the Leases and any other property acquired by Sparton within one kilometre from the Lease boundaries.

The acquisition closed in early January 2020, after a 90-day due diligence period and after receipt of approval from the Toronto Venture Exchange. The Company issued 100,000 common shares of the Company to the former owner on January 6, 2020, as the first option payment.

On February 11, 2020, the Company announced it had executed a Purchase Agreement with two owners to acquire an additional 14 mining claims (approximately 300 hectares) adjacent to three nearby and former Sir Harry Oakes Mining Leases and mineral claims. For the purchase, on closing, Sparton agreed to pay a total of 2,000,000 common shares of the Company as to 1,000,000 shares to each of the owners. In addition, the owners will be eligible to receive a 2% Net Smelter Return Production Royalty from any production on their vended claims and 50% of this royalty may be purchased by the Company at any time for the sum of US$2.5 million. One claim owner will be reimbursed exploration expenses of approximately $6,850 spent on its claims. This transaction closed on March 17, 2020.

On July 6, 2020 the Company announced that it has acquired 18 additional mining claim units adjacent to or nearby to the Oakes Mining Leases for a cash consideration ($6,000). In October 2020 the Company issued 100,000 common shares to the Vendor of the Oakes area Mining Leases, as per the terms of the original Option Agreement to acquire these leases, that were valued at $6,000. In November 2020, 50,000 more common shares were issued to the Vendor, and valued at $3,000.

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 program 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 Company 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 entitle 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 Company issued 50,000 shares and 50,000 warrants to MFN on December 1, 2020, valued $3,000 and $2,635 respectively.

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 2000 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 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 been 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 Covid 19 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 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 grams per tonne over 1.5 metres, and 14.4 grams per tonne 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 grams per tonne over 1.85 metres, 3.77 grams per tonne over 1.49 metres, and 3.43 grams per tonne 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 grams/tonne ("g/t/") Au (gold) 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 g/t Au over 1.5 meters from 58.5 to 60 meters;
Hole 20-1 – 1.91 g/t Ag (silver) over 6.5 meters from 67.5 to 74.0 meters;
Hole 20-3 – 0.14 g/t Au over 6 meters rom 4.5 to 10.5 meters and:
0.10 g/t Au and 1.12 g/t Ag over 4.5 meters from 31.0 to 35.5 meters and:
0.22 g/t Au over 1.5 meters from 56.0 to 57.5 meters and:
0.11 g/t Au, 1.2 g/t 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 Covid 19 and contractor availability delays.

On May 6, 2022, the Company reported on the results of the Induced Polarization ("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 in 2023 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.

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. Pense hosts Outokoumpu (Finland) style polymetallic Critical Metals mineralization with base metal (Copper, Zinc, Nickel) values hosted in interflow sedimentary rocks associated with Ultramafic volcanic flows and intrusives. Highly anomalous gold mineralization was also reported from historical work at Pense. This style of mineralization has not been widely explored in the Abitibi area.

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, 150,000 common shares to be issued to the Vendors, and exploration expenditures of $100,000. (Optional) 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.

Sparton has completed drone supported LiDAR and magnetic surveys over the Pense Claims. A Term Sheet was executed with Golden Share Resources Inc. ("Golden Share")on September 5, 2023, Golden Share agreed to support he costs of the airborne magnetic survey in a joint venture term sheet with a commitment to spend up to a maximum of $60,000 dollars and has been granted a 90 day option to enter into a joint venture with the Company as to Sparton 60% , Golden Share 40% , whereunder the partners will jointly fund an additional $1,500,000 in exploration on the Pense claims and Golden share would own an undivided 40% interest in the claims. . Golden share must notify the Company within the 90-day period, in writing, of its decision, or forfeit any further rights to the Pense property and project.

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 Chairman Robert Friedland and Chief Executive Officer Dr. Mianyan Huang 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 4th. The initial 40MW / 200MWh VRB-ESS® and 50MW per annum of manufacturing started construction in 2021.

"This project is a massive catalyst for VRB Energy's global growth and further demonstrates that we are developing the absolute best technologies to support the worldwide green energy revolution," said Mr. Friedland.

"Energy storage remains a key challenge in the mass adoption of renewable energy, and we're extremely proud to be leading the way in creating cutting-edge solutions at VRB," Mr. Friedland added.

The project builds upon the success of a "PV+VRB" project of 3MW PV and 3MW / 12MWh VRB-ESS® in Xiangyang executed with Pingfan New Energy in 2019, which further validates the business model and the technology as ideally suited for integration of the daily cycling of solar PV onto utility grids.

Dr. Huang noted that Hubei Province has rich mineral resources, outstanding industrial advantages, and an excellent business environment.

"This presents a unique opportunity for scale-up of the vanadium flow battery industry, and we applaud the government's plans to support development of a US$14 billion world-leading vanadium energy storage industry cluster," Dr. Huang commented."

On June 25, 2021, Chinese Media Group "Caixing" and UK based "Energy Storage Publishing" reported that "China is on the verge of banning the use of second-life lithium-ion batteries in large-scale energy storage systems amid a spate of fires this year".

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-megawatt project for Hubei Province to 500 megawatts. 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.

In August , 2023 VRB Energy Inc., has received Underwriters Laboratories (“UL”) 1973 safety certification for its third generation Energy Storage System (“Gen3 VRB-ESS®”). This system is the only battery system in the world with this certification.

UL 1973 is an internationally recognized global standard for commercially available battery energy storage.

This is a major achievement for VRB Energy as the Gen3 VRB-ESS®" is the only battery system currently available that is certified at the UL 1973 Standard for a 1-Megawatt Hour power module. This is the basic VRB Energy building block for its electricity storage systems.

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 nine months period ended September 30, 2023

The net loss from operation for the nine months period in 2023 was $168,696 compared to $350,530 for the period in 2022. The Company’s contract drilling subsidiary, EDCOR, recorded $954,097 revenue in the period in 2023 (2022 - $804,385) and a cost of $883,206 (2022 - $728,745). Operating expenses totalled $266,224 in the period in 2023 (2022 - $420,720). Main operating expenses include $15,784 exploration expenditures (2022 – $128,340), $92,572 (2022 - $72,054) general and administrative expenses, $48,892 (2022 - $43,560) management and consulting fees, $92,572 (2022 - $111,653) stock-based compensations, $21,843 (2022 - $27,016) professional fees, $2,307 (2022 - $2,308) interests, $13,500 (2022 - $135000) occupancy costs, $18,191 (2022 - $181,193) transfer agent filing and listing fees, and other expenses. The Company also recorded a $265 loss (2022 – $5,450) from short term investment, $16,328 (2022 - $nil) recovery of expenses from insurance, and $10,574 (2022 - $nil) government grant revenue for the period. Loss per share for the period basic and diluted was $0.00 (2022 - $0.00). Cash flow from operating activities was of $90,802 (2022 – out flow of $1142,786) for the period ended September 30, 2023.

During the period in 2023, the Company reported cash used for investing activities of $1,200 (2022 - $65,757) for purchase of equipment and $4,571 from sale of short term investment.

During the period ended September 30, 2023, the Company reported a total cash flow used in financing activities of $nil (2022 – $20,000). In the period in 2023, the Company paid short term debt of principal of $nil (2022 - $20,000),for loans payable.

For the three months period ended September 30, 2023

The net loss from operation for the three months period ended September 30, 2023 was $96,649 compared to a loss of $168,696 for the period in 2022, due to higher drilling revenue margin in the quarter, and $16,328 (2022 - $nil) insurance compensation for the quarter. The Company's contract drilling subsidiary, EDCOR, recorded $739,635 (2022 - $247,500) revenue and a cost of $755,379 (2022 - $223,056) for the quarter. Total operating expenses for the quarter was $97,488 (2022 - $214,498).

Quarterly Information

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

	September, 2023	June, 2023	Mar 31, 2023	Dec 31, 2022	Sept 30, 2022	September 30, 2022	Mar 31, 2022	Dec 31, 2021
Operating Revenue ($)	739,645	214,462		462,835	247,500	289,785	141,745	255,102
Total Net (Income) Loss ($)	96,649	(25,950)	97,997	(122,498)	189,712	78,023	208,150	21,436
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 September 30, 2023, Sparton had a liquidity concern. It had current assets of $357,015 (December 31, 2022 - $258,690), and a working capital deficit of $456,107 (December 31, 2022 - $356,008). Cash and marketable securities totalled $191,928 (December 31, 2022 - $85,392). Amount receivables were $165,087 (December 31, 2022 - $161,834). Property, plant and equipment assets were $77,233 at September 30, 2023 (December 31, 2022 - $97,183). Long term investment in VRB valued at $1,587,133 (December 31, 2022 - $1,587,133). Current liabilities totalled $813,122 at September 30, 2023 (December 31, 2022 - $614,698). Included in the current liability were $368,656 (December 31, 2022 - $149,382) accounts payable and accrued liabilities, $226,386 (December 31, 2022 - $224,078) of short-term debts, and $218,0800 (December 31, 2022 - $241,238) due to related parties.

As at September 30, 2023 there was a short-term loan of $52,000 (December 31, 2022 - $52,000) bearing an annual interest of 6% payable on a quarterly basis in arrears, unsecured, and due on demand. As at September 30, 2023, there was $144,386 (December 31, 2022 -$142,078) interest payable accrued for this loan.

The Company had interest free government subsidy loans (CEBA) payable with a future payment of $30,000 as at September 30, 2023 and December 31, 2022 that is due on demand and will be repaid within the year 2023.

Non-controlling interests representing carrying value of the share interest held by minority shareholders in Sparton's subsidiary VanSpar was $350,600 as of September 30, 2023 ($350,554 as at December 31, 2022).

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 a year of 6 months. As of November 28, 2023, the Company is compliant with this policy of the TSX-V.

Subsequent Events

In November 2023, VRB Energy and the North China State Grid celebrated the 10-year anniversary of the successful continuous operation of the Zhangbei 8Mwh battery which was commissioned and put into full operation by Company subsidiary VanSpar Mining Inc. This milestone recognized the Zhangbei battery as the Worlds longest continuous and successfully operating vanadium flow battery.

On November 17, 2023, the 50,000 warrants described in Note 7(c) expired unexercised.

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 148,341,537 common shares issued and outstanding.

As of the date of this MDA, there are 2,700,000 share options and 50,000 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	September 30, 2023 $	December 31, 2022 $
Consulting fees payable to Oriental Sources Inc. (i)	132,288	132,288
Rent and fees payable to Lee Barker (i)	85,792	108,950
Total	218,080	241,238

(i) During the period in 2023, $13,500 (2022 - $13,500) office space rent expenses were accrued for property owned by the President of the Company. The Company was also billed and paid $27,000 plus HST (2022 - $27,000) by Oriental Sources Inc., 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.

The compensation expense associated with key management and directors for employment services or similar during the nine months in 2023 and 2022 are as the follows:

	2023	2022
Salaries, consultant fees and other benefits	$ 27,000	$ 27,000
Stock-based payments	41,975	78,571
	$ 68,975	$ 105,571

New accounting policies:

Standards, amendments, and interpretations Issued but not yet adopted

New and amendments to IFRSs in issue but not yet effective except for the above, the Company has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]

[1] Effective for annual periods beginning on or after a date to be determined

The management is currently assessing its impact of adopting these amendments and don't expect material impact on the consolidated financial statements in the foreseeable future.

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, 2022 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, 2022 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, 2022 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 possibly 8,000 drilling are planned there by Eldorado for 2023.

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.

SPARTON RESOURCES INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month periods ended September 30, 2023 and 2022

(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 nine-month periods ended September 30, 2023 and 2022
(Expressed in Canadian dollars)

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SPARTON RESOURCES INC.

Unaudited Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2023 and December 31, 2022

(Expressed in Canadian dollars)

	Notes	September 30, 2023	December 31, 2022
Assets			
Current assets			
Cash		191,928	80,556
Amounts receivable		165,087	161,834
Prepaid expenses and other current assets		-	11,464
Marketable securities		-	4,836
Total current assets		357,015	258,690
Property, plant and equipment	5	77,233	97,183
Long-term investment	11	1,587,133	1,587,133
Total assets		2,021,381	1,943,006

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

SPARTON RESOURCES INC.

Unaudited Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2023 and December 31, 2022

(Expressed in Canadian dollars)

	Notes	September 30, 2023	December 31, 2022
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		368,656	149,382
Due to related parties	8	218,080	241,238
Loans payable	6	226,386	224,078
Total liabilities		813,122	614,698
Equity			
Common shares	7(a)	19,679,721	19,679,721
Warrants	7(c)	22,259	22,259
Contributed surplus	7(a)	354,018	354,018
Share-based payment reserve	7(b)	248,355	237,689
Accumulated other comprehensive income		672,874	673,875
Deficit		(20,119,522)	(19,989,808)
Equity attributable to shareholders		857,705	977,754
Non-controlling interests		350,554	350,554
Total equity		1,208,259	1,328,308
Total liabilities and equity		2,021,381	1,943,006

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

Signed: "Richard Williams", Director

Signed: "A. Lee Barker", Director

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

SPARTON RESOURCES INC.

Unaudited Condensed Interim Consolidated Statement of Income (Loss)
For the periods ended September 30, 2023 and 2022

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

	Notes	3 months ended September 30, 2023	3 months ended September 30, 2022	9 months ended September 30, 2023	9 months ended September 30, 2022
		$	$	$	$
Drilling revenue		739,635	247,500	954,097	804,385
Drilling costs		(755,379)	(223,056)	(883,206)	(728,745)
Gross profit		(15,744)	24,444	70,891	75,640
Expenses					
Exploring and evaluating expenditures	5	1,500	23,813	15,784	128,340
General and administrative expenses	8	23,318	31,291	92,572	72,054
Stock compensation expense	7	49,648	111,653	49,648	111,653
Investor relations		-	780	3,487	4,096
Management and consultant fees	8	14,970	25,560	48,892	43,560
Professional fees		-	13,717	21,843	27,016
Occupancy costs	8	4,500	4,500	13,500	13,500
Transfer agent, filing and listing fees		2,784	2,415	18,191	18,193
Interest expense and financing costs		768	769	2,307	2,308
		97,488	214,498	266,224	420,720
Loss before other income		(113,232)	(190,054)	(195,333)	(345,080)
Investment (loss)		255	342	(265)	(5,450)
Government grant	6	-	-	10,574	-
Insurance recovery		16,328	-	16,328	-
		(96,649)	(189,712)	(168,696)	(350,530)
Income tax expenses recovery		-	-	-	-
Loss from continuing operations		(96,649)	(189,712)	(168,696)	(350,530)
Loss from discontinued operations		-	-	-	-
Net income (loss)		(96,649)	(189,712)	(168,696)	(350,530)
Net loss per share, basic and diluted					
Net income (loss) per share, basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding					
Basic and diluted		148,341,537	146,941,537	148,341,537	146,978,900
Net loss attributed to					
Non-controlling interests		-	-	-	(3)
Shareholders of the Company		(96,649)	(189,712)	(168,696)	(350,527)
		(96,649)	(189,712)	(168,696)	(350,530)

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

SPARTON RESOURCES INC.

Unaudited Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

For the periods ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

	Notes	3 months ended September 30, 2023	3 months ended September 30, 2022	9 months ended September 30, 2023	9 months ended September 30, 2022
		$	$	$	$
Net income (loss) for the period		(96,649)	(189,712)	(168,696)	(350,530)
Other comprehensive income loss					
Items that will be reclassified subsequently to income					
Gain (loss) on translation of foreign operations		6,859	120,534	(1,001)	120,534
		(89,790)	(69,178)	(169,697)	(229,996)
Comprehensive loss attributed to					
Non-controlling interests		-	(37)	-	(3)
Shareholders of the Company		(89,790)	(69,141)	(169,697)	(229,993)
		(89,790)	(69,178)	(169,697)	(229,996)

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

SPARTON RESOURCES INC.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars, except shares)

		Common shares					Accumulated other comprehensive		Subtotal		
	Notes	Shares	Amount	Warrants	Contributed surplus	Share-based payment reserve	Income (loss)	Deficit	shareholders' equity	Non-controlling interests	Total equity
			$	$	$	$	$	$	$	$	$
Balance at December 31, 2021		**146,941,537**	**19,592,721**	**2,635**	**350,083**	**126,036**	**589,917**	**(19,636,421)**	**1,024,971**	**345,161**	**1,370,132**
Net loss for the period		-	-			-	-	(350,527)	(350,527)	(3)	(350,530)
Vesting of options	7(b)	-	-	-	-	111,653	-	-	111,653	-	111,653
Shares issued for property	7(a)	200,000	15,000	-	-	-	-	-	15,000	-	15,000
Translation of foreign operations		-	-	-	-	-	120,534	-	120,534	-	120,534
Balance at September 30, 2022		**147,141,537**	**19,607,721**	**2,635**	**350,083**	**237,689**	**710,451**	**(19,986,948)**	**921,631**	**345,158**	**1,266,789**
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 for the period		-	-			-	-	(168,696)	(168,696)	-	(168,696)
Vesting of options	7(b)	-	-	-	-	49,648	-	-	49,648	-	49,648
Expiry of options	7(b)	-	-	-	-	(38,982)	-	38,982	-	-	-
Translation of foreign operations		-	-	-	-	-	(1,001)	-	(1,001)	-	(1,001)
Balance at September 30, 2023		**148,341,537**	**19,679,721**	**22,259**	**354,018**	**248,355**	**672,874**	**(20,119,522)**	**857,705**	**350,554**	**1,208,259**

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

SPARTON RESOURCES INC.

Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the periods ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

	Notes	9 months ended September 30, 2023	9 months ended September 30, 2022
		$	$
Operating activities			
Net loss		(168,696)	(350,530)
Items not involving cash			
Share based payments		49,648	111,653
Amortization of property, plant and equipment		18,721	15,090
Issuance of shares and warrants for property		-	-
Accrued interest expense		2,307	2,308
Loss on investment		265	5,450
		(97,755)	(216,029)
Changes in non-cash working capital		188,557	73,243
		90,802	(142,786)
Investing activities			
Proceeds from disposal of investments		4,571	-
Purchase of property, plant and equipment		(1,200)	(65,757)
		3,371	(65,757)
Financing activities			
Repayment of loans payable	6	-	(20,000)
		-	(20,000)
(Decrease) increase in cash		94,173	(228,543)
Cash, beginning of period		80,556	236,447
Cash, end of period		174,729	7,904

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 September 30, 2023, the Company had a working capital deficiency of $468,107 (December 31, 2022 - $356,008) and a deficit of $20,119,522 (December 31, 2022 - $19,989,808). 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 $1,587,133 as of September 30, 2023. 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 SIGNIFICANT 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, 2023. These unaudited condensed interim consolidated financial statements were approved by the board of directors of the Company on September 28, 2023.

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, 2022 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, 2022.

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 SIGNIFICANT 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 September 30, 2023	Ownership December 31, 2022
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 September 30, 2023 and December 31, 2022, 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.

Standards, amendments, and interpretations Issued but not yet adopted

New and amendments to IFRS in issue but not yet effective except for the above, the Company has not early applied the following new and amendments to IFRS that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]

[1] Effective for annual periods beginning on or after a date to be determined

The management is currently assessing its impact of adopting these amendments and don’t expect material impact on the consolidated financial statements in the foreseeable future.

(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, 2022.

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 September 30, 2023
	Level 1 $	Level 2 $	Level 3 $	Total $
Cash	191,928	-	-	191,928
Investment available for sale	-	-	1,587,133	1,587,133
	191,928	-	1,587,133	1,779,061

				As at December 31, 2022
	Level 1 $	Level 2 $	Level 3 $	Total $
Cash	80,556	-	-	80,556
Marketable securities	4,836	-	-	4,836
Investment available for sale	-	-	1,587,133	1,587,133
	85,392	-	1,587,133	1,672,525

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 fair value of the marketable securities is based on the market-quoted fair value of the instruments.

The Company's subsidiary VanSpar, has an investment in a private company: VRB Energy Inc.("VRB Energy"). This investment has been classified as a financial asset of fair value through other comprehensive income ("FVTOCI"). At September 30, 2023, the fair value of the investment available for sale was revalued to be $1,587,133, 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 2022 and the period in 2023.

The short-term debts 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.

<u>Credit Risk</u>

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, restricted cash and marketable securities. Cash, restricted cash and marketable securities are held with reputable Canadian chartered banks and Chinese banks which are closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash, accounts receivable and marketable securities.

<u>Liquidity Risk</u>

The Company has a liquidity concern. As at September 30, 2023, the Company had a cash balance of $191,928 to settle current liabilities of $825,122. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The short-term loans plus interest of $226,386 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.

<u>Market Risk</u>

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.

<u>Interest Rate Risk</u>

The Company carries short-term debt 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 material 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, 2022, approximately 78% of its assets were carried in foreign currencies, and approximately 0% of expenses in 2022 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 September 30, 2023	US$
Investment held for sale	1,170,000
Net exposure	1,170,000

Securities Price Risk

The Company carries investments in certain public securities for which price fluctuations can affect the Company's earnings. The Company has classified these investments as financial assets at fair value through profit or loss where price volatility is reflected in operations.

The Company's subsidiary VanSpar has investment in a private company VRB Energy. (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 short-term debt is fixed.

(ii) As at September 30, 2023, 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 has 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"). On January 7, 2020, the Company issued 100,000 common shares to the former owner of the Leases, valued at $3,000.

Sparton has executed a 4-year Option to Purchase Agreement with the private owner of the Leases whereunder it has the right to purchase a 100% interest in the Leases. The Company must cover the Lease renewal costs on behalf of the current private owner and plans an exploration program on the Leases and Claims. If the Company elects to exercise its option and purchase the Leases it will pay the current private owner a total of 1,500,000 common shares of the Company over the 4-year option period, and the current owner will be eligible to receive a 1% Net Smelter Return Production Royalty from production on the Leases and any other property acquired by Sparton within one kilometer from the Lease boundaries. On March 17, 2020, the Company issued 1,000,000 shares to each of the owners (2,000,000 shares in total, valued at $40,000).

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.

In October 2020, the Company issued 100,000 common shares to the Vendor of the Oakes area Mining Leases, as per the terms of the original Option Agreement to acquire these leases, that were valued at $6,000. In November 2020, 50,000 more common shares were issued to the Vendor, valued at $3,000.

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 entitle 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 Company issued 50,000 shares and 50,000 warrants to MFN on December 1, 2020, valued $3,000 and $2,635 respectively.

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, as follows:

- On signing (Firm commitment): cash payment of $25,000, 100,000 shares issued, and exploration expenditures of $100,000 in first year. (Completed)
- End of Year 2018: Cash payment of $20,000, 150,000 shares issued, and exploration expenditures of $100,000. (Completed)

5. EXPLORATION AND EVALUATION PROJECTS (Continued)

- End of Year 2019: Cash payment of $30,000, 200,000 shares issued, and exploration expenditures of $300,000. (Completed)
- End of Year 2020: Cash payment of $50,000, 350,000 shares issued and exploration expenditures of $400,000. (Completed)
- End of Year 2021: Cash payment of $75,000, 500,000 shares issued and exploration expenditures of $600,000. (Completed)
- End of Year 2022: Cash payment of $100,000 (paid), 200,000 shares issued and exploration expenditures of $600,000. (Completed).
- 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. As of December 31, 2019, the Company had paid $75,000 to the Vendors. The Company also had issued 250,000 common shares to the Vendors valued at $13,000. As of September 30, 2020, $547,733 exploration expenses have been incurred by the Company before it was optioned to Eldorado Gold Corporation.
- 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 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.
- In August 2020, $50,000 was paid by Eldorado through Sparton to the Vendors, and 350,000 Sparton shares were issued to the Vendors at a value of $21,000.
- In August 2021, $75,000 was paid by Eldorado through Sparton to the Vendors, and 500,000 Sparton shares were issued to the Vendors at a value of $55,000.
- In August 2022, $100,000 was paid by Eldorado through Sparton to the Vendors and 200,000 Sparton shares were issued to the Vendors at a value of $15,000.

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.

Eldorado has successfully completed its option commitments but has not yet exercised its option. In late 2022 the Company granted Eldorado a one-year extension of time to exercise its option with a related commitment to continue making exploration expenditures The completion of the required work and payments to the vendors by Eldorado has enabled the Company to complete acquisition of the Bruell Property from them.

5. EXPLORATION AND EVALUATION PROJECTS (Continued)

Eldorado requested, and Sparton agreed to a one-year extension until December 16, 2023 on the Eldorado Option Agreement. In consideration for the extension, Eldorado has agreed to carry out a minimum of 4,000 meters of additional drilling as a new option commitment. The additional drilling will test several geochemical (till) anomalies, as well as follow-up holes on positive results from the recently completed 2022 drilling program. All other material terms of the Eldorado Option Agreement remain unchanged. Under the terms of the Eldorado Option, Eldorado has the right to require Sparton to 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. Eldorado would also be responsible for the royalty payable to the original vendors under the buy-out option if it elects the buy-out.

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 9430 meters of drilling in 18 holes in the first quarter of 2023 with some positive results. The decision whether or not to exercise the option by Eldorado is expected in Q4 of 2023.

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 (with a market value of $30,000 when received), resulted into a gain on disposal of assets of $35,000. 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 has 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, and exploration expenditures of $100,000. (Optional) 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.

Sparton has completed drone supported LiDAR and magnetic surveys over the Pense Claims. A Term Sheet was executed with Golden Share Resources Inc. ("Golden Share")on September 5, 2023, Golden Share agreed to support he costs of the airborne magnetic survey in a joint venture term sheet with a commitment to spend up to a maximum of $60,000 dollars and has been granted a 90 day option to enter into a joint venture with the Company as to Sparton 60% , Golden Share 40% , whereunder the partners will jointly fund an additional $1,500,000 in exploration on the Pense claims and Golden share would own an undivided 40% interest in the claims. . Golden share must notify the Company within the 90-day period, in writing of its decision, or forfeit any further rights to the Pense property and project.

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

6. LOANS PAYABLE

1) As at September 30, 2023 there was a short-term loan of $52,000 (December 31, 2022 - $52,000) bearing an annual interest of 6% payable on a quarterly basis in arrears, unsecured, and due on demand. As at September 30, 2023 there was $144,386 (December 31, 2022 - $142,078) 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. On January 1, 2021, any balance remaining on the revolving credit line automatically converted into a non-revolving term loan. Effective January 1, 2023, any outstanding balance on the term loan shall bear interest at a rate of 5% per annum. The term loan matures on December 31, 2025. If 75% of the outstanding balance of the term loan is repaid on or before December 31, 2023, the remaining 25% of the balance shall be forgiven. The Company used the assumption of 20% discount rate to determine the fair value of the interest-free period and assumes the Company will repay the 75% outstanding balance on December 31, 2023. The difference between the amount received in cash and the related fair value was considered a government grant and was recognized as an income in the statement of income. The Company drew the full $40,000 and repaid $30,000 before December 31, 2022. $18,740 was recognized as debt and $21,260 was recognized as government grant income. $6,441 interest was accrued for the year ended December 31, 2021, and $nil for the year ended December 31, 2022 and the period ended September 30, 2023.

   In the year 2022, the Company's bank has informed that Company that the $30,000 loan is determined to be due on December 31, 2023. Given the lack of clarity and inconsistency of the information, the Company choses to present the loan as due on demand of $30,000 as of December 31, 2022 and September 30, 2023.

7. CAPITAL STOCK

(a) Common Shares

Authorized: Unlimited common shares
Issued: 148,241,537 common shares

Date	Description	No. of shares	Amount
December 31, 2021		146,941,537	$19,592,721
	Shares issued for property (1) (2)	300,000	21,000
	Shares issued in private placement (3)	1,100,000	66,000
December 31, 2022 and September 30, 2023		148,241,537	$19,673,721

1) On August 10, 2022, 200,000 common shares were issued to the Bruell vendor as described in Note 6, at a valuation of $15,000.

2) On November 2, 2022, total of 100,000 common shares were issued to the Vendor of the Pense property as described in Note 6 that were valued at $6,000.

7. CAPITAL STOCK (continued)

3) On December 30, 2022 the Company closed an $88,000 private placement financing through the sale of 1,100,000 Flow Through Share Units ("FTSU"). Each FTSU consists of one common share of the Company and one-half Share Purchase Warrant. Each Share Purchase Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.12 until December 30, 2024. Each FTSU was priced at $0.08. The proceeds of $88,000 for the FTSU were allocated $66,000 to shares, $19,624 to warrants, and $2,376 to flow-through share premium that was renounced at the end of 2022. The warrants were valued at grant at December 30, 2022 using a Black-Scholes model. Assumptions used to determine the value of the options using the Black-Scholes model were stock price $0.06; dividend yield 0%; risk-free interest rate 4.07%; expected annual volatility 145%; and expected life of 2 years.

(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 August 24, 2021, the Company granted 2,700,000 stock options to its directors, consultants and advisors; each option entitles the holder to acquire one common share of the Company at an exercise price of $0.10 before August 24, 2024. 30% of the option vested immediately on the grant date. 30% will vest on August 24, 2022 and 40% are vesting on August 24, 2023. The options were valued at grant at August 24, 2021 for $248,240 using a Black-Scholes model. Assumptions used to determine the value of the options using the Black-Scholes model were stock price $0.06; dividend yield 0%; risk-free interest rate 0.3%; expected annual volatility 201%; and expected life of 3 years. $87,054 stock-based compensation expenses were recognized on the statement of loss for the year 2021. $49,648 (2022 - $111,653) stock-based compensation expenses were recorded on the statement of loss for the period ended September 30, 2023. On August 3 2023, 700,000 options expired unexercised. On September 30, 2023 there were 2,700,000 (December 31, 2022 - 3,400,000) options outstanding of which 2,700,000 (December 31, 2022 – 2,320,000) were exercisable.

(c) Warrants

Pursuant to the MOU, as disclosed in Note 5, 50,000 warrants were issued. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 until December 1, 2023.These 50,000 warrants remain outstanding as at September 30, 2023 and December 31, 2022.

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

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	September 30, 2023 $	December 31, 2022 $
Consulting fees payable to Oriental Sources Inc. (i)	132,288	132,288
Rent and fees payable to Lee Barker (i)	85,792	108,950
Total	218,080	241,238

(i) During the period in 2023, $13,500 (2022 - $13,500) office space rent expenses were accrued for property owned by the President of the Company. The Company was also billed and paid $27,000 plus HST (2022 - $27,000) by Oriental Sources Inc., 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.

The compensation expense associated with key management and directors for employment services or similar during the three months in 2023 and 2022 are as the follows:

	2023	2022
Salaries, consultant fees and other benefits	$ 27,000	$ 27,000
Stock-based payments	41,975	78,571
	$ 68,975	$ 105,571

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 Energy.

(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 TRANSACTION

On August 8, 2016, the Company's 89.8% then owned subsidiary, VanSpar Mining Inc.("**VanSpar**"), signed a Share Purchase Agreement (the "**SPA"**) dated as of May 18, 2016 and effective as of August 8, 2016, to acquire all of the shares of JD Holding Inc. ("**JDH**"), a Cayman Islands corporation, for US$ 3.3 million. JDH is the parent company for a group of then inactive companies engaged in the manufacturing of Vanadium Redox Battery systems. JDH was subsequently renamed VRB Energy Inc.

VanSpar later signed and executed a Share Acquisition Agreement with HPX Tech Co. ("HPX"). Under the terms of a Share Acquisition Agreement (the "SAA") between HPX and VanSpar, HPX would directly fund the acquisition of the shares of VRB Energy for US$ 3.3 million (the "Funding Transaction"), pursuant to the SPA between VanSpar and VRB Energy and its security holders.

The VRB Energy Transaction and the Funding Transaction were closed before the end of 2016. VanSpar received, among other considerations, 9,000,000 or 18% of VRB Energy common shares that was recorded as investment available for sale with a fair value of $1,457,000 as of December 31, 2017. In the year 2022, the value increased from $1,493,856 in 2021 to $1,587,133 due to foreign exchange and the Company recorded $93,277 gain in other comprehensive income.

In July 2017 VanSpar received a Financing Notice and Subscription Agreement from VRB Energy where under VRB Energy would raise US $5 million through the sale of 38,759,690 shares at a deemed value of USD$0.129 per share, this has been completed. VanSpar executed, in 2017, a profit-sharing agreement with a private investor to permit VanSpar to acquire the 6,976,744 Additional Shares in JDH (now VRB Energy). Before the agreement VanSpar owned 9,000,000 common shares of VRB Energy, or 18%. Under the profit-sharing agreement, the private investor will provide funds required for VanSpar to participate and acquire more shares ("Additional Shares") in VRB Energy's future financing, to maintain VanSpar's 18% in VRB Energy. The funds can be used only for this purpose. 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 As at December 31, 2017 VanSpar had received five payments for a total of US$900,000 from the private investor to participate in five tranches of acquisition of 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.

On November 30, 2017, VRB Energy had a 2 for 1 split of the ordinary shares. The original 9,000,000 common shares owned by VanSpar were sub-divided into 18,000,000 common shares. And the new shares acquired under the profit-sharing agreement were subdivided into 13,953,488 shares.

On July 12, 2019 VanSpar received a new financing and debt conversion notice from VRB whereunder in order to maintain its 18% share interest in VRB Energy, it was required to subscribe to the purchase of an additional 31,331,863 VRB Energy shares at a price of USD$0.065 per VRB Energy share for a total cost of USD$2.036 million to VanSpar.

VanSpar now retains 31,953,482 VRB Energy shares, representing a 9.9 percent share interest in VRB Energy.

12. SUBSEQUENT EVENT

On November 17, 2023, the 50,000 warrants described in Note 7(c) expired unexercised.