VATIC VENTURES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

EXPRESSED IN CANADIAN DOLLARS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Vatic Ventures Corp.

Opinion

We have audited the accompanying consolidated financial statements of Vatic Ventures Corp. (the "Company"), which comprise the consolidated statements of financial position as at February 29, 2024 and February 28, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2024 and February 28, 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had a deficit of $12,569,564 and a working capital deficiency of $1,252,219. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $2,211,048 as of February 29, 2024. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's rights to explore E&E Assets including sending confirmation requests to optionors to ensure good standing of agreements.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Catherine Tai.

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

June 28, 2024

VATIC VENTURES CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at:		February 29, 2024		February 28, 2023
ASSETS				
Current				
Cash	$	1,819	$	38,171
Amounts receivable (Note 4)		4,591		11,647
Prepaid expenses (Note 5)		15,000		179,710
		21,410		229,528
Non-current				
Deferred acquisition costs (Note 6)		32,000		10,000
Exploration and evaluation assets (Note 6)		2,211,048		2,140,175
Total assets	$	2,264,458	$	2,379,703
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 7)	$	572,517	$	247,065
Due to related parties (Note 13)		9,978		-
Loans payable (Note 8)		160,134		-
Provision for indemnity (Note 10)		531,000		-
		1,273,629		247,065
Non-current				
Flow-through premium liability (Notes 9 & 10)		-		117,000
Loan payable (Note 8)		60,074		60,000
		60,074		177,000
Total liabilities		1,333,703		424,065
SHAREHOLDERS' EQUITY				
Share capital (Note 9)		13,096,994		12,996,404
Subscriptions received in advance (Note 9)		23,000		-
Share-based payment reserve (Note 9)		284,918		472,818
Warrant reserve (Note 9)		95,407		95,407
Deficit		(12,569,564)		(11,608,991)
Total shareholders' equity		930,755		1,955,638
Total liabilities and shareholders' equity	$	2,264,458	$	2,379,703

Nature of operations and going concern (Note 1)
Contingencies (Note 6)
Subsequent events (Note 16)

Approved by the Board of Directors

"Loren Currie"	"*Matthew Mikulic"*
Director	Director

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

VATIC VENTURES CORP.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Years ended February 29, 2024		February 28, 2023
Expenses				
Business development	$	174,404	$	174,289
Consulting fees (Note 13)		320,235		384,850
Office and miscellaneous		8,872		15,759
Professional fees		122,447		45,491
Project investigation		2,400		114,135
Rent		-		7,712
Share-based payments (Note 9 & 13)		139,111		218,575
Transfer agent and filing fees		53,351		86,127
Travel, meals and entertainment		48,579		210,028
Total expenses		(869,399)		(1,256,966)
Gain on extinguishment of debt (Note 7)		11,424		27,031
Indemnity and Part XII.6 tax on flow-through shares (Note 10)		(531,000)		-
Interest expenses (Note 8)		(345)		-
Amortization of flow-through premium liability (Note 10)		117,000		-
		(402,921)		27,031
Loss and comprehensive loss for the year		(1,272,320)		(1,229,935)
Weighted average number of common shares outstanding (basic and diluted)		30,012,524		25,220,003
Basic and diluted loss per share	$	(0.04)	$	(0.05)

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

VATIC VENTURES CORP.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

	Number of shares issued	Share capital	Warrant reserve	Share-based payment reserve	Subscriptions received	Deficit	Total
Balance, February 28, 2022	**14,381,510**	**$ 9,680,391**	**$ 27,059**	**$ 254,243**	**$ 100,000**	**$ (10,379,056)**	**$ (317,363)**
Loss for the year	-	-	-	-	-	(1,229,935)	(1,229,935)
Private Placement	6,650,000	1,383,000	25,000	-	(100,000)	-	1,308,000
Share-based payment	-	-	-	218,575	-	-	218,575
Warrants excercised	680,000	170,000	-	-	-	-	170,000
Shares issued for exploration and evaluation assets	8,000,000	2,000,000	-	-	-	-	2,000,000
Fair value reversal of agent's warrant granted	-	(43,348)	43,348	-	-	-	-
Finder's fees	-	(76,639)	-	-	-	-	(76,639)
Flow-through share premium liability	-	(117,000)	-	-	-	-	(117,000)
Balance, February 28, 2023	**29,711,510**	**$ 12,996,404**	**$ 95,407**	**$ 472,818**	**$ -**	**$ (11,608,991)**	**$ 1,955,638**

	Number of shares issued	Share capital	Warrant reserve	Share-based payment reserve	Subscriptions received	Deficit	Total
Balance, February 28, 2023	**29,711,510**	**$ 12,996,404**	**$ 95,407**	**$ 472,818**	**$ -**	**$ (11,608,991)**	**$ 1,955,638**
Loss for the year	-	-	-	-	-	(1,272,320)	(1,272,320)
Property acquisition	500,000	65,000	-	-	-	-	65,000
Options excercised	254,075	35,590	-	(15,264)	-	-	20,326
Share-based payment	-	-	-	139,111	-	-	139,111
Fair value reversal of options cancelled	-	-	-	(311,747)	-	311,747	-
Share subscription received	-	-	-	-	23,000	-	23,000
Balance, February 29, 2024	**30,465,585**	**$ 13,096,994**	**$ 95,407**	**$ 284,918**	**$ 23,000**	**$ (12,569,564)**	**$ 930,755**

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

VATIC VENTURES CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended February 29, 2024	February 28, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss and comprehensive loss for the year	$ (1,272,320)	$ (1,229,935)
Adjustments for:		
Gain on extinguishment of debt	(11,424)	(27,031)
Share-based payments	139,111	218,575
Interest expense	74	-
Indemnity and Part XII.6 tax on flow-through shares	531,000	-
Amortization of flow-through premium liability	(117,000)	-
Changes in non-cash working capital items:		
Decrease in amounts receivable	7,056	51,176
Increase in prepaid expenses	164,710	(157,710)
Increase (decrease) in due to related parties	9,978	(44,326)
Increase (decrease) in accounts payable and accrued liabilities	336,876	(40,451)
Net cash used in operating activities	(211,939)	(1,229,702)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(5,873)	(74,500)
Deferred acquisition costs	(22,000)	(10,000)
Net cash used in investing activities	(27,873)	(84,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	-	1,258,000
Proceeds from exercise of warrants	-	170,000
Share issuance costs	-	(76,639)
Proceeds from exercise of options	20,326	-
Proceeds from loan	218,184	-
Repayment of loan	(58,050)	-
Subscriptions received	23,000	-
Net cash provided by financing activities	203,460	1,351,361
Increase (decrease) in cash	(36,352)	37,159
Cash, beginning of the year	38,171	1,012
Cash, end of the year	$ 1,819	$ 38,171

Supplemental disclosure with respect to cash flows (Note 14)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Vatic Ventures Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on October 30, 2007. The Company's shares are listed for trading under the trading symbol "VCV" on the TSX Venture Exchange (the "Exchange"). The Company is a junior resource exploration company that is involved in the acquisition and exploration of mineral properties.

The head office and principal address of the Company is located at 1400 – 1040 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4H1. The registered address and records office of the Company is located at 2110 – 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8.

As at February 29, 2024, the Company had a deficit of $12,569,564 (February 28, 2023 - $11,608,991) and a working capital deficiency of $1,252,219 (February 28, 2023 - $17,537). The Company expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company were primarily funded by the issuance of share capital. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. However, the Company's future capital requirements will depend on many factors, including operating costs, the current capital market environment and global market conditions.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

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

2. BASIS OF RESENTATION

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Approval of the financial statements

The consolidated financial statements of the Company for the year ended February 29, 2024 were reviewed by the Audit Committee and approved and authorized for issue on June 28, 2024 by the Board of Directors of the Company.

2. BASIS OF RESENTATION *(cont'd…)*

Basis of preparation

The consolidated financial statements have been prepared on an accrual basis except for cash flow information and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. All inter-company transactions and balances between the Company and its subsidiaries have been eliminated upon consolidation.

The subsidiaries are consolidated from the date on which control is transferred to the Company and will cease to be consolidated from the date on which control is transferred out of the Company. The Company also assesses existence of control where it does not have more than 50% of voting power but are able to control the investee by virtue of de facto control. De facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders gives the group the power to govern the financial and operating policies.

Details of the Company's subsidiaries are as follows:

	Date of Incorporation	Country of incorporation	Percentage owned February 29, 2024
VV Mining Exploration Services Mexico S. DE. R. I.	June 20, 2012	Mexico	100%
VV Mining Mexico S. DE R. I. C. V.	June 20, 2012	Mexico	100%

All inter-company transactions and balances have been eliminated upon consolidation.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Significant Accounting Estimates and Assumptions

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows. Significant estimates made by management include the following:

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

1) Share-Based Payments

Equity-settled share-based awards are recognized as an expense based on their fair value at date of grant. The fair value of equity-settled share options and warrants are estimated through the use of a valuation model – Black-Scholes, which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life, and is expensed over the vesting period. Using different input estimates or models produces different option values, which would result in the recognition of a higher or lower expense.

2) Economic recoverability of exploration and evaluation assets

Management has determined that exploration and evaluation costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

3) Income taxes

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, or deferred income tax assets and liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and term deposits that are readily convertible to known amounts of cash and/or with original maturities of three months or less. As at February 29, 2024 and February 28, 2023, the Company does not have any cash equivalents.

Foreign currency translation

The functional currency of the Company and its subsidiaries is determined using the currency of the primary economic environment in which it operates. The financial statements are presented in Canadian dollars which is the Company's and its subsidiaries' functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non- monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Financial instruments

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

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

Financial instruments (cont'd...)

Classification and measurement of financial assets and liabilities

A financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets consist primarily of cash, and amounts receivable, which are classified and measured at amortized cost.

Transaction costs related to financial instruments other than FVTPL are capitalized as part of the cost of the financial instrument.

The Company does not use any hedging instruments.

Impairment of financial assets

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

Financial liabilities

Financial liabilities are classified as amortized cost or FVTPL, based on the purpose for which the liability was incurred. The Company's liabilities comprise accounts payable and accrued liabilities, due to related parties, and loan payable, all of which are classified as amortized cost. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable and accrued liabilities represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

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

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flowthrough share into (i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and (ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a flow-through premium for the amount of tax reduction renounced to the shareholders.

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

(Loss) earnings per share

Basic (loss) earnings per share is computed by dividing the net loss or income applicable to common shareholders of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings (loss) per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

Share-based payments

The Company's stock option plan allows its employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that have vested.

If and when the share options are exercised, the applicable amounts of share-based payment reserves are transferred to share capital. If the share options are cancelled or expire unexercised, the related amount is transferred to deficit.

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

Valuation of equity units issued in private placements

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to the common shares based on the market trading price of common shares at the time the units are issued, with any excess value allocated to the warrants.

The fair value of common shares issued in the private placements are determined to be the more easily measurable component and are valued at their fair value.

The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount is transferred to share capital.

Where warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to equity reserves and as a share issue cost.

Exploration and evaluation expenditures

Costs incurred prior to the Company obtaining legal title are expensed in the period in which they are incurred.

Costs incurred to acquire the legal right to explore a property are capitalized. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized on a property by property basis. These direct expenditures include such costs as surveying costs, drilling costs, labour and contractor costs, materials used and licensing and permit fees.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined the property is considered to be under development and is classified as development properties. The carrying value of exploration and evaluation assets is transferred to development properties after being tested for impairment.

Once commercial production has commenced all capitalized costs related to the property are transferred to producing properties and the costs of acquisition, exploration and development will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition, deferred exploration and development costs will be written off to operations.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Management reviews capitalized costs on its mineral properties at each reporting period and will recognize impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the sale of the property.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded on a cash basis.

The Company's entitlement to mineral exploration tax credits are accounted for when collection is reasonably assured.

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

Impairment of long-lived assets

The carrying amount of the Company's long-lived assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the long-lived asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of a long-lived asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of an asset is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Restoration, rehabilitation, and environmental obligations

Restoration, rehabilitation and environmental obligations are recognized for the expected obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A restoration, rehabilitation or environmental obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with a corresponding cost recognized by increasing the carrying amount of the related long-lived asset. The restoration, rehabilitation or environmental cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value. As at February 29, 2024 and February 28, 2023, the Company has no known restoration, rehabilitation or environmental obligations.

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

(Expressed in Canadian dollars)

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

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

New Accounting Pronouncements

The Company adopted the following new IFRS standard effective for annual periods beginning on or after January 1, 2023. The nature and impact of the standard on the Company's consolidated annual audited financial statements is indicated below.

In February 2021, the IASB issued Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). IAS 1 is amended to require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy and clarify that information may be material because of its nature, even if the related amounts are immaterial. These amendments have not had a material impact on the Company's annual consolidated financial statements.

Issued but not yet effective, in April 2024, the IASB issued a new IFRS accounting standard to improve the reporting of financial performance. IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements. The standard will become effective January 1, 2027, with early adoption permitted. The Company is in the process of assessing the impact of this new standard on the Company's financial statements.

4. ACCOUNTS RECEIVABLE

	February 29, 2024	February 28, 2023
GST receivable	4,591	11,647
	$ 4,591	$ 11,647

5. PREPAID EXPENSES

	February 29, 2024	February 28, 2023
Prepaid expenses	$ 15,000	$ 179,710
	$ 15,000	$ 179,710

Prepaid expenses as at February 29, 2024 and February 28, 2023 relate to prepayments for consulting, business development and travel expenses.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Northern Quebec Hansen Gold Property		Total	
Balance, February 28, 2022	$	75,175	$	75,175
Acquisition costs - cash		65,000		65,000
Acquisition costs - shares		2,000,000		2,000,000
Balance, February 28, 2023	$	2,140,175	$	2,140,175
Acquisition costs - cash		1,500		1,500
Acquisition costs - shares		65,000		65,000
Expenditures				
Geological and geophysical		4,373		4,373
Balance, February 29, 2024	$	2,211,048	$	2,211,048

Hansen Gold Property in Northern Quebec

On September 21, 2021, the Company entered into an option agreement with Shadow Ventures Corp. (“Shadow”) to acquire a gold exploration property known as the Hansen prospect located in the Chibougamau area of northern Quebec (the “Hansen Property”).

Shadow acquired the right to acquire the Hansen Property from Fayz Yacoub and Ramy Yacoub (the “Underlying Optionors”) pursuant to an agreement dated October 1, 2020, an amending agreement dated April 8, 2021, and a second amending agreement dated August 9, 2021 (together, the “Underlying Option Agreement”). The Company has agreed, pursuant to its option agreement with Shadow (the "Vatic Option Agreement") to option the rights and obligations from Shadow as provided for in the Underlying Option Agreement by satisfying the requirements of the Underlying Option Agreement and by providing Shadow with additional consideration. The Underlying Option Agreement was further amended on September 30, 2021, October 1, 2021, October 31, 2021, September 30, 2022, and September 20, 2023. The below requirements are reflective of such amendments.

In order to satisfy the requirements of the Underlying Option Agreement and the Vatic Option Agreement the Company will issue the shares, make the cash payments and complete the exploration expenditures as follows:

Shares:

a) At the option of the Company, either issue 500,000 shares or issue such number of shares equal to $100,000 prior to October 1, 2021*;
b) On closing, issue 7,000,000 shares which will be issued pro rata to the shareholders of Shadow*;
c) On the date that a National Instrument 43-101 Technical Report on the Hansen Property is submitted to the Exchange, at the option of the Company, either issue an additional 500,000 shares or such number of shares equal to $100,000**;
d) On or before December 31, 2022 a further 250,000 shares***; and
e) On or before October 31, 2023 a further 250,000 shares***.

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

** During the year ended February 28, 2023, Exchange approval was granted and the Company issued the shares with a value of $1,875,000.*
*** During the year ended February 28, 2023, the Company submitted the National Instrument 43-101 Technical Report and issued the shares with a value of $125,000.*
**** During the year ended February 29, 2024, Exchange approval was granted and the Company issued the shares with a value of $65,000.*

Cash:

a) $25,000 on or before October 8, 2021 (paid);
b) $55,000 payable on the date the Exchange approve the Option Agreement (paid);
c) $10,000 on October 1, 2022 (paid);
d) $15,000 on October 31, 2023 ($1,500 paid, the remaining $13,500 yet to be paid);
e) $25,000 on February 1, 2024 (unpaid); and
f) $20,000 on October 1, 2024.

Expenditures:
On or before the following dates, the Company is required to incur exploration expenditures of:

a) $50,000 on or before March 31, 2022 (incurred); and
b) A further $200,000 on or before October 31, 2025.

As at February 29, 2024, the Company is not in compliance with the Underlying Option Agreement. However, the Company has not received any notices of termination. The Company intends to continue pursuing the project.

Sister's Mountain Property in New Brunswick

On February 14, 2023, the Company entered into an option agreement (the "Vatic Sister's Mountain Property Option Agreement") with Commitment Capital Inc. ("CCI") whereby it has an option to acquire a 100% interest in a Rare Earth Elements (REE) and polymetallic claims package known as the Sister's Mountain prospect (the "Sister's Mountain Property"), located in Southwestern New Brunswick.

CCI acquired the right to acquire the Sister's Mountain Property from Wayne Lockhart (the "Optionor") pursuant to an agreement dated December 11, 2022 (the "Sister's Mountain Property Underlying Option Agreement"). The Company has agreed, pursuant to its option agreement with CCI to option the rights and obligations from CCI as provided for in the Sister's Mountain Property Underlying Option Agreement by satisfying the requirements of the Sister's Mountain Property Underlying Option Agreement and by providing CCI with certain consideration as follows:

Cash:

a) $15,000 on the date the Exchange approves the option agreement ($10,000 paid and recognized as deferred acquisition costs;
b) additional $22,000 paid in deferred acquisition costs during the year ended February 29, 2024;

Shares:

a) 10,000,000 shares to be issued on the date the Exchange approves the Vatic Sister's Mountain Property Option Agreement;
b) 2,000,000 shares to be issued on the first anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2023).

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

In order to satisfy the requirements of the Sister's Mountain Property Underlying Option Agreement to the Optionor, the Company will issue the shares and make the cash payments to the Optionor and complete the exploration expenditures on the Sister's Mountain Property as follows:

Shares:

a) the lessor of 500,000 shares or such number of shares having a trade value of $100,000 at the time of issuance upon the Exchange's acceptance of a National Instrument 43-101 Standards of Disclosure for Mineral Projects technical report (the "NI 43-101 Report") on the Sister's Mountain Property;
b) 500,000 shares to be issued on the first anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2023);
c) 500,000 shares to be issued on the second anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2024);
d) 500,000 shares to be issued on the third anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2025);
e) 500,000 shares to be issued on the fourth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2026); and
f) 500,000 shares to be issued on the fifth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2027).

Cash:

a) $90,000 payable on upon the Exchange's acceptance of the NI 43-101 Report;
b) $50,000 payable on the second anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2024);
c) $50,000 payable on the third anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2025);
d) $50,000 payable on the fourth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2026); and
e) $100,000 payable on the fifth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2027).

Expenditures:
On or before the following dates, the Company is required to incur exploration expenditures of:

a) Up to $35,000 for the production and submission of the NI 43-101 Report;
b) $250,000 on or before the first anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2023);
c) $300,000 on or before the second anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2024);
d) $350,000 on or before the third anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2025);
e) $400,000 on or before the fourth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2026); and
f) $450,000 on or before the fifth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement for an aggregate total of $1,785,000 (December 11, 2027).

The Sister's Mountain Property is subject to various net smelter returns royalties totaling 3% to various parties, 1% of which can be repurchased by the Company by the payment of $1,000,000 to one of the royalty holders that currently holds 2% of the 3% total royalties.

(Expressed in Canadian dollars)

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

Contingencies:

On February 28, 2023, the Company has been advised that it, along with the Optionor and CCI, has been named as defendants in a lawsuit ("Notice of Civil Claim") commenced by Mayne Minerals Inc. ("Mayne"), a private company, wherein Mayne alleges that certain mineral claims comprising part of the Sister's Mountain Property (the "Claims") were improperly staked for the benefit of the Optionor rather than for Mayne. During the year ended February 29, 2024, the Company has filed a Response to Civil Claim. In the opinion of management, the ultimate disposition of the matter is not determinable as it is too early to provide an assessment given it was recently commenced, but the Company will vigorously defend and enforce its right to purchase the Claims in good faith.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	February 29, 2024	February 28, 2023
Accounts payable	$ 207,203	$ 85,252
Accrued liabilities	365,314	161,813
	$ 572,517	$ 247,065

During the year ended February 29, 2024, the Company recorded a gain on extinguishment of debt of $11,424 (February 28, 2023 - $27,031).

8. LOANS PAYABLE

During the year ended February 28, 2021, the Company entered into a Canada Emergency Business Account ("CEBA") loan with the Government of Canada. The amount of the loan is $60,000 from the Government of Canada. The CEBA Loan has an initial term that expires on December 31, 2023, throughout which, the CEBA Loan remains interest free. Since the balance was not paid by January 18, 2024, the $60,000 CEBA Loan has been converted to loan with 5% annual interest and a maturity date of December 31, 2026. The Company incurred $345 interest expenses during the year ended February 29, 2024. The $345 interest expenses included a $271 interest payment and $74 of accrued interest.

During the year ended February 29, 2024, the Company received loans from a third-party shareholder for total of $218,184. The loans are unsecured, bear no interest and are repayable on demand. During the year ended February 29, 2024, the Company repaid $58,050 loan principal. As of February 29, 2024, total remaining loan principal is $160,134.

9. SHARE CAPITAL

Authorized: unlimited common shares without par value

During the year ended February 29, 2024, the Company:

a) The Company issued 250,000 shares pursuant to the option agreement of Hansen Gold Property with a value of $45,000.

b) The Company issued 250,000 shares pursuant to the option agreement of Hansen Gold Property with a value of $20,000.

c) The Company issued 254,075 shares for proceeds of $20,326 from the exercise of options.

9. SHARE CAPITAL (cont'd…)

There were no private placements during the year ended February 29, 2024 for the Company.

During the year ended February 28, 2023, the Company:

a) The Company closed a non-brokered private placement consisting of 3,050,000 units at $0.20 per unit for aggregate gross proceeds of $610,000. Each unit consists of one common share of the Company and one half of a common share purchase warrant. Each full warrant is exercisable for an additional common share of the Company at $0.30 for a two year period. In connection with the private placement, the Company paid cash finders' fees of $28,800 and issued 144,000 finders' warrants with a value of $20,051. Each finders' warrant entitles the holder to purchase one common share of the Company at a price of $0.30 for a period of 24 months. The finder's warrants were valued using the Black-Scholes model with the following inputs: expected life of 2 years, discount rate of 2.63%, volatility of 114.96% and dividend yield of nil.

b) The Company issued 680,000 shares for proceeds of $170,000 from the exercise of warrants.

c) The Company issued 8,000,000 shares pursuant to the option agreement of Hansen Gold Property with a value of $2,000,000.

d) The Company closed a private placement financing consisting of 1,000,000 units at $0.30 per unit for aggregate gross proceeds of $200,000. Each unit consists of one common share of the Company and one half of a common share purchase warrant, each full warrant being exercisable for an additional common share of the Company at $0.30 for 24 months. The Company allocated $25,000 of residual value to the warrants.

e) The Company closed a $0.23 flow-through unit private placement financing for aggregate gross proceeds of $598,000. The Company issued 2,600,000 flowthrough units ("FT Units"), each FT Unit being comprised of one flow through common share of the Company and one half of a common share purchase warrant, each full warrant being exercisable for an additional non flow-through common share of the Company at $0.40 for 24 months. Cash finder's fees totaling $47,839 were paid and 208,000 broker warrants, exercisable at $0.23 for 24 months were issued with a value of $23,297. The broker warrants were valued using the Black-Scholes model with the following inputs: expected life of two year, discount rate of 3.87%, volatility of 127.24% and dividend yield of nil. A flow-through shares premium liability of $117,000 was allocated to the flow-through obligation of this private placement. As at February 29, 2024, the Company has not fulfilled the total obligation of this private placement on eligible exploration expenditures.

Share options

The Company adopted a share option plan (the "Share Option Plan") under which it may grant options to directors, officers, and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the discounted market price, which is the closing market price at date the options were granted. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

For share options granted to employees, officers, directors, and consultants, the Company recognizes share-based payments, measured at the estimated fair value of the share options granted. The fair value of each share option granted was estimated on the date of grant using the Black-Scholes option-pricing model.

Changes in stock options are as follows:

(Expressed in Canadian dollars)

9. SHARE CAPITAL (cont'd…)

	Number of options		Weighted average exercise price	Weighted average number of years to expiry
Balance, February 28, 2022	1,400,000	$	0.22	4.39
Granted	1,571,152		0.20	4.93
Balance, February 28, 2023	2,971,152	$	0.21	4.20
Cancelled	(1,971,152)		0.20	N/A
Exercised	(254,075)		0.08	N/A
Granted	1,971,152		0.10	4.61
Balance, February 29, 2024	2,717,077	$	0.14	4.07

As at February 29, 2024, the following options were outstanding and exercisable:

	Weighted average exercise price	Weighted average contractual life (years)	Number of options outstanding	Number of options exercisable	Expiry date
$	0.22	2.39	500,000	500,000	July 19, 2026
	0.20	3.92	500,000	500,000	January 31, 2028
	0.20	4.09	250,000	250,000	March 31, 2028
	0.08	4.70	1,467,077	1,467,077	November 9, 2028
$	0.14	4.07	2,717,077	2,717,077	

On January 31, 2023, the Company granted 1,571,152 stock options at an exercise price of $0.20 expiring on January 31, 2028. The fair value of the stock options was estimated to be $218,575 using the Black-Scholes option pricing model with the following inputs: expected life of five years, discount rate of 3.04%, volatility of 101% and dividend yield of nil. The Company recorded share-based compensation of $218,575 during the year ended February 28, 2023.

On March 31, 2023, the Company granted 250,000 stock options to a consultant of the Company. The options have an exercise price of $0.20 and expire 5 years from the date of issuance. The fair value of the stock options was estimated to be $35,707 using the Black-Scholes option pricing model with the following inputs: expected life of five years, discount rate of 3.02%, volatility of 101% and dividend yield of nil. The Company recorded share-based compensation of $35,707 during the year ended February 29, 2024.

On November 9, 2023, the Company granted 1,721,152 stock options to consultants of the Company. The options have an exercise price of $0.08 and expire 5 years from the date of issuance. The fair value of the stock options was estimated to be $103,404 using the Black-Scholes option pricing model with the following inputs: expected life of five years, discount rate of 3.94%, volatility of 98% and dividend yield of nil. The Company recorded share-based compensation of $103,404 during the year ended February 29, 2024.

On January 23, 2024, 254,075 options were exercised at $0.08 for proceeds of $20,326. The Company transferred $15,264 to share capital from share-based payment reserve.

During the year ended February 29, 2024, the Company cancelled 1,971,152 stock options; accordingly, the Company transferred $311,747 to deficit from share-based payment reserve.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (cont'd…)

Warrants

Changes in warrants outstanding are as follows:

	Warrants outstanding		Weighted average exercise price	Weighted average number of years to expiry
Balance, February 28, 2022	10,191,828	$	0.25	0.35
Exercised	(680,000)		0.25	NA
Expired	(9,511,828)		0.25	NA
Granted	3,677,000		0.33	1.48
Balance, February 28, 2023	3,677,000	$	0.33	1.48
Balance, February 29, 2024	3,677,000	$	0.33	0.48

As at February 29, 2024, the following warrants are outstanding and exercisable:

	Weighted average exercise price	Weighted Average Life (years)	Number of warrants outstanding & exercisable	Expiry date
$	0.30	0.14	1,669,000	April 21, 2024
	0.30	0.70	500,000	November 9, 2024
	0.40	0.79	1,300,000	December 12, 2024
	0.23	0.79	208,000	December 12, 2024
$	0.33	0.48	3,677,000	

10. FLOW-THROUGH SHARE PREMIUM LIABILITY

On December 12, 2022, the Company raised $598,000 through the issuance of 2,600,000 flow-through units at a price of $0.23 per unit. A flow-through liability of $117,000 was recognized on the issuance date. As of February 29, 2024, $598,000 remains to be spent on qualifying expenditures.

To comply with Canadian tax law, the Company is required to incur these funds on Canadian eligible exploration expenditures prior to December 31, 2023. As at February 29, 2024, $598,000 of these flow through funds remain unspent prior to December 31, 2023. As a result, pending any extension being granted, the flow-through premium liability has been reduced to $Nil by recognizing other income of $117,000, and the Company has recorded a provision of $531,000 towards Part XII.6 tax and potential indemnification of tax liabilities to purchasers of the flow-through shares.

11. CAPITAL DISCLOSURE

The Company considers its capital structure to include the net residual equity of all assets, less liabilities. Capital is comprised of the Company's equity and any debt that it may issue. The Company's objectives when managing capital are to (i) maintain sufficient working capital to meet current financial obligations and continue as a going concern; (ii) maintain a capital structure to allow the Company to raise equity funding to finance its capital expenditures and acquisition activities; (iii) maintain creditworthiness and maximize returns for shareholders over the long term; (iv) maintain capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

11. CAPITAL DISCLOSURE (cont'd…)

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic circumstances. The capital for expansion was mostly from proceeds from the issuance of common shares and debt. The net proceeds raised will be used to fund the Company's working capital. There were no changes to the way the Company manages its capital during the year ended February 29, 2024.

12. FINANCIAL INSTRUMENTS AND RISKS

Fair values

Under IFRS, a three-level hierarchy that reflects the significance of inputs used in making fair value adjustments is required. The three levels of the fair value hierarchy are as follows:

a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 – Inputs for assets or liabilities that are not based on observable market data.

The Company does not have any financial assets or liabilities measured subsequently at fair value.

The fair values of cash, amounts receivable, due from related parties and accounts payable and accrued liabilities approximate the carrying values due to short term to maturity. The fair value of the Company's non-current loans payable approximates the carrying values and contractual interest rates are comparable to current market interest rates.

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

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables.

The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's amounts receivable consist primarily of GST receivable due from federal government agencies, and shared office costs.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. At February 29, 2024, the Company had cash of $1,819 (February 28, 2023– $38,171), which is insufficient to settle current liabilities of $1,273,629 (February 28, 2023 - $247,065).

Market risk

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

12. FINANCIAL INSTRUMENTS AND RISKS (cont'd…)

Currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company may have transactions that are denominated in US dollars. These transactions pose potential currency risks and may have a significant impact on the Company.

Based on the net exposures at February 29, 2024, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would not have a significant impact on the Company's net loss and comprehensive loss.

Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company's current exposure to interest rate risk is limited to its cash and cash equivalents yielding interest income at varying rates. The Company's interest obligations on its credit facility, loan payable and certain accounts payable balances, are fixed. The Company's current exposure to interest rate risk is insignificant.

Commodity risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals, and the stock market to determine the appropriate course of action to be taken by the Company. The Company's current exposure to commodity rate risk is insignificant.

13. RELATED PARTY TRANSACTIONS

The amounts due to related parties are amounts due to officers and directors of the Company. The balances are unsecured, non-interest bearing and have no specific terms for repayment. These transactions are in the normal course of operations. The amounts due to related parties during the year ended on February 29, 2024 and the year ended February 28, 2023 are as follows,

Due to related parties	February 29, 2024	February 28, 2023
CFO	$ 9,978	$ -
Total	$ 9,978	$ -

During the year ended February 29, 2024 and February 28, 2023, the Company paid or accrued management and consulting fees to its officers and directors as follows:

Consulting fees	Years ended	
	February 29, 2024	February 28, 2023
CEO	$ 2,000	$ 14,000
CFO	48,000	60,500
	$ 50,000	$ 74,500

(Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS (cont'd…)

During the year ended February 28, 2023, on November 9, 2022, the CFO and two directors of the Company participated in a private placement for a total of $82,500 (412,500 units at $0.20 per unit). The CFO subscribed to 12,500 units. Two directors subscribed for 400,000 units.

During the year ended February 28, 2023, on January 31, 2023, the Company granted 100,000 options to two directors and the CEO for a total of 300,000 options. The share-based compensation related to stock options granted to the two directors and the CEO totaled $41,736.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the year ended February 29, 2024:

a) Issued 250,000 shares of the Company valued at $45,000 pursuant to the option agreement to acquire the Hansen Gold Property.
b) Issued 250,000 shares of the Company valued at $20,000 pursuant to the option agreement to acquire the Hansen Gold Property.
c) Reclassification of the fair value of exercised options from reserves to share capital amounting to $15,264.
d) Reclassification of the fair value of cancelled options from reserves to deficit amounting to $311,747.
e) $nil paid for interest and income taxes.

The significant non-cash transactions for the year ended February 28, 2023:

a) Issuance of finders' warrants with a total value of $43,348;
b) Issued 8,000,000 shares of the Company valued at $2,000,000 pursuant to the option agreement to acquire the Hansen Gold Property.
c) Applied settlement of accounts payable totaling $17,500 towards share subscriptions.
d) Applied due to related parties totaling $32,500 towards share subscriptions during the year ended February 28, 2023.
e) $nil paid for interest and income taxes.

15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2024		**2023**
Loss for the year	$	(1,272,320)	$	(1,229,935)
Expected income tax (recovery)	$	(344,000)	$	(332,000)
Change in statutory, foreign tax, foreign exchange rates and other		-		22,000
Permanent differences		152,000		63,000
Impact of flow through share		-		-
Share issue cost		-		(21,000)
Adjustment to prior years provision versus statutory tax returns and exp		598,000		(5,000)
Expiry of non-capital losses		-		-
Change in unrecognized deductible temporary differences		(406,000)		273,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

(Expressed in Canadian dollars)

15. INCOME TAXES (cont'd…)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2024		2023
Deferred tax assets (liabilities)				
Share issue costs	$	18,000	$	25,000
Non-capital losses		2,402,000		2,223,000
Property and equipment		3,000		3,000
Exploration and evaluation assets		(543,000)		35,000
Net deferred tax liability	**$**	**1,880,000**	**$**	**2,286,000**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2024	Expiry Date Range		2023	Expiry Date Range
Temporary Differences						
Share issue costs	$	68,000	2045 to 2047	$	94,000	2044 to 2047
Property and equipment	$	10,000	No expiry date	$	10,000	No expiry date
Exploration and evaluation assets	$	(2,020,000)	No expiry date	$	120,000	No expiry date
Investment tax credits	$	4,000	2038	$	4,000	2038
Non-capital losses	$	8,896,000	2032 to 2044	$	8,234,000	2032 to 2043
Canada		8,896,000	2032 to 2044		8,234,000	2032 to 2043

16. SUBSEQUENT EVENTS

Subsequent to the year ended February 29, 2024:

1) the Company received Exchange approval to enter into a share purchase agreement with arm's length vendors (the "Optionors") to acquire a 100% interest in 1432714 BC Ltd., a private company ("Privco") which holds an option (the "Underlying Option") to acquire a property ("Solonópole South") from an underlying optionor (the "Underlying Optionor"). The parties also entered into amendments to amend the terms of the agreements.

   The Company issued 6,000,000 Shares for the acquisition of Privco. These shares are subject to value escrow agreements which will result in the shares being released from escrow on the basis of 10% on Exchange approval and 15% every six months thereafter.

   In accordance with the terms of the Underlying Option, Privco made payments to the Underlying Optionor of USD$4,000 and USD$40,000.

   Pursuant to the amended terms, the Company is required to make further varying annual cash payments totaling US$400,000 and to issue an aggregate US$400,000 worth of the Company's shares over three years.

2) the Company issued 1,171,152 shares for proceeds of $93,692 from the exercise of options.

3) the Company received loans totaling $15,468 from a third party. The loans are unsecured, bear no interest and are repayable on demand.