VATIC VENTURES CORP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED

MAY 31, 2024

EXPRESSED IN CANADIAN DOLLARS

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

The Company's independent auditor Davidson & Company LLP 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 condensed consolidated interim financial statements.

July 26, 2024

VATIC VENTURES CORP.

Condensed Consolidated Statements of Financial Position

(Expressed in Canadian Dollars - unaudited)

As at:		May 31, 2024		February 29, 2024
ASSETS				
Current				
Cash	$	324	$	1,819
Amounts receivable (Note 4)		8,913		4,591
Prepaid expenses (Note 5)		15,000		15,000
		24,237		21,410
Non-current				
Deferred acquisition costs (Note 7)		97,530		32,000
Exploration and evaluation assets (Note 7)		2,683,030		2,211,048
Total assets	$	2,804,797	$	2,264,458
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 8)	$	595,011	$	572,517
Due to related parties (Note 14)		25,863		9,978
Loans payable (Note 9)		83,001		160,134
Provision for indemnity (Note 11)		531,000		531,000
		1,234,875		1,273,629
Non-current				
Loan payable (Note 9)		117,587		60,074
		117,587		60,074
Total liabilities		1,352,462		1,333,703
SHAREHOLDERS' EQUITY				
Share capital (Note 10)		13,670,686		13,096,994
Subscriptions received in advance (Note 10)		23,000		23,000
Share-based payment reserve (Note 10)		284,918		284,918
Warrant reserve (Note 10)		95,407		95,407
Deficit		(12,621,676)		(12,569,564)
Total shareholders' equity		1,452,335		930,755
Total liabilities and shareholders' equity	$	2,804,797	$	2,264,458

Nature of operations and going concern (Note 1)

Contingencies (Note 7)

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.
Condensed Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars - unaudited)

	Three months ended May 31, 2024	May 31, 2023
Expenses		
Business development	$ 5,768	$ 51,823
Consulting fees (Note 14)	90,600	29,000
Office and miscellaneous	975	2,804
Professional fees	36,439	22,500
Share-based payments (Note 10)	-	35,707
Transfer agent and filing fees	8,475	6,373
Travel, meals and entertainment	1,115	10,281
Total expenses	(143,372)	(158,488)
Gain on extinguishment of debt (Note 8)	92,000	-
Interest expenses (Note 9)	(740)	-
	91,260	-
Loss and comprehensive loss for the period	(52,112)	(158,488)
Weighted average number of common shares outstanding (basic and diluted)	30,103,532	29,711,510
Basic and diluted loss per share	$ (0.00)	$ (0.01)

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

VATIC VENTURES CORP.

Condensed Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars - unaudited)

	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 period	-	-	-	-	-	(158,488)	(158,488)
Share-based payment	-	-	-	35,707	-	-	35,707
Share subscription received	-	-	-	-	15,000	-	15,000
Balance, May 31, 2023	**29,711,510**	**$ 12,996,404**	**$ 95,407**	**$ 508,525**	**$ 15,000**	**$ (11,767,479)**	**$ 1,847,857**

	Number of shares issued	Share capital	Warrant reserve	Share-based payment reserve	Subscriptions received	Deficit	Total
Balance, February 29, 2024	**30,465,585**	**$ 13,096,994**	**$ 95,407**	**$ 284,918**	**$ 23,000**	**$ (12,569,564)**	**$ 930,755**
Loss for the period	-	-	-	-	-	(52,112)	(52,112)
Property acquisition	6,000,000	480,000	-	-	-	-	480,000
Options excercised	1,171,152	93,692	-	-	-	-	93,692
Balance, May 31, 2024	**37,636,737**	**$ 13,670,686**	**$ 95,407**	**$ 284,918**	**$ 23,000**	**$ (12,621,676)**	**$ 1,452,335**

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

VATIC VENTURES CORP.

Condensed Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars - unaudited)

	Three months ended May 31, 2024	May 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	$ (52,112)	$ (158,488)
Adjustments for:		
Gain on extinguishment of debt	(92,000)	-
Share-based payments	-	35,707
Changes in non-cash working capital items:		
Decrease in amounts receivable	(4,322)	(1,218)
Increase in prepaid expenses	-	-
Increase (decrease) in due to related parties	15,885	-
Increase (decrease) in accounts payable and accrued liabilities	114,494	11,517
Net cash used in operating activities	(18,055)	(112,482)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	8,018	(500)
Deferred acquisition costs	(65,530)	(22,000)
Net cash used in investing activities	(57,512)	(22,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans payable	-	83,000
Proceeds from exercise of options	93,692	-
Proceeds from loan	57,513	-
Repayment of loan	(77,133)	-
Subscriptions received	-	15,000
Net cash provided by financing activities	74,072	98,000
Decrease in cash	(1,495)	(36,982)
Cash, beginning of the period	1,819	38,171
Cash, end of the period	$ 324	$ 1,189

Supplemental disclosure with respect to cash flows (Note 15)

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 May 31, 2024, the Company had a deficit of $12,621,676 (February 29, 2024 - $12,569,564) and a working capital deficiency of $1,210,638 (February 29, 2024 - $1,252,219). 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 condensed 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 condensed consolidated financial statements of the Company for the period ended May 31, 2024 were reviewed by the Audit Committee and approved and authorized for issue on July 26, 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 May 31, 2024
VV Mining Exploration Services Mexico S. DE. R.	June 20, 2012	Mexico	100%
VV Mining Mexico S. DE R. I. C. V.	June 20, 2012	Mexico	100%
1432714 B.C. Ltd.	August 10, 2023	Canada	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:

(Expressed in Canadian dollars - unaudited)

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.

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

	May 31, 2024	February 29, 2024
GST receivable	8,913	4,591
	$ 8,913	$ 4,591

(Expressed in Canadian dollars - unaudited)

5. PREPAID EXPENSES

		May 31, 2024		February 29, 2024
Prepaid expenses	$	15,000	$	15,000
	$	15,000	$	15,000

Prepaid expenses as at May 31, 2024 and February 29, 2024 relate to prepayments for consulting, business development and travel expenses.

6. ASSET ACQUISITION

On May 14, 2024, 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 B.C. 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"). This transaction is accounted for as an asset acquisition. The Company accounts for Privco in accordance with IFRS 10, Consolidated Financial Statements.

The Company issued the 6,000,000 Vatic shares for the acquisition of 1432714 B.C. Ltd. The shares are subject to value escrow agreements which will result in the shares being released from escrow on the basis of 10% on TSXV approval and 15% every six months thereafter.

7. EXPLORATION AND EVALUATION ASSETS

		Northern Quebec		Brazil		
		Hansen Gold Property		Solonópole South		Total
Balance, February 28, 2023	$	2,140,175	$	-	$	2,140,175
Acquisition costs - cash		1,500		-		1,500
Acquisition costs - share		65,000		-		65,000
Expenditures						
Geological and geophysical		4,373		-		4,373
Balance, February 29, 2024	$	2,211,048	$	-	$	2,211,048
Acquisition costs - cash		-		-		-
Acquisition costs - shares		-		471,982		471,982
Balance, May 31, 2024	$	2,211,048	$	471,982	$	2,683,030

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").

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

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:

<u>Shares:</u>

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***.

** 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.*

<u>Cash:</u>

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.

<u>Expenditures:</u>

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.

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

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).

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).

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

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.

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.

Solonópole South Property in Brazil

On April 4, 2024, the Company announced it had entered into a share purchase agreement to acquire a highly prospective hard rock lithium property ("Solonópole South") through its wholly owned subsidiary Privco.

In accordance with the original terms of the Underlying Option dated in 2023, the obligations of which the Company will assume, in addition to being required to make varying annual cash payments for three years the Company was also required to issue US$137,500 worth of shares in the first year, US$300,000 worth of shares in the second year and US$562,500 in the third year. The exchange rate to be used in calculating the US dollar equivalent will be 1.35 and the shares will be issued at a deemed minimum price which is the greater of $0.08 and the value weighted average trading price of the Company's shares in the ten days prior to issuance of such shares. On March 20, 2024, the Company amended the Underlying Option substantially to reduce the option payments by 60% overall as follows:

(Expressed in Canadian dollars - unaudited)

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

a) paying to the Underlying Owner US$55,000 and causing to be issued to the Underlying Owner US$55,000 worth of shares of a publicly traded company within twelve months of the Initial Payment Date, to acquire a 33% interest in Solonópole South;

b) paying to the Underlying Owner US$120,000 and causing to be issued to the Underlying Owner US$120,000 worth of shares of a publicly traded company within twenty-four months of the Initial Payment Date, to acquire a 33% interest in Solonópole South; and

c) paying to the Underlying Owner US$225,000 and causing to be issued to the Underlying Owner US$225,000 worth of shares of a publicly traded company within thirty-six months of the Initial Payment Date, to acquire a 34% interest in Solonópole South for an aggregate 100% interest.

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

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		May 31, 2024		February 29, 2024
Accounts payable	$	293,788	$	207,203
Accrued liabilities		301,223		365,314
	$	595,011	$	572,517

During the period ended May 31, 2024, the Company recorded a gain on extinguishment of debt of $92,000 (May 31, 2023 - $nil).

9. 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. The Company incurred $740 interest expenses during the period ended May 31, 2024.

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. During the period ended May 31, 2024, the Company repaid $77,133 loan principal. As of May 31, 2024, total remaining loan principal is $83,001.

10. SHARE CAPITAL

Authorized: unlimited common shares without par value

<u>During the three months ended May 31, 2024, the Company:</u>

a) The Company issued 6,000,000 shares pursuant to the acquisition of 1432714 B.C. Ltd. with a value of $480,000.

(Expressed in Canadian dollars - unaudited)

10. SHARE CAPITAL (cont'd…)

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

<u>During the year ended February 29, 2024, the Company:</u>

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.

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

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:

	Number of options		Weighted average exercise price	Weighted average number of periods to expiry
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		0.13	4.17
Balance, February 29, 2024	2,717,077	$	0.14	4.07
Exercised	(1,171,152)		0.08	N/A
Balance, May 31, 2024	1,545,925	$	0.18	3.35

As at May 31, 2024, the following options were outstanding and exercisable:

	Weighted average exercise price	contractual life (periods)	Number of options outstanding	options exercisable	Expiry date
$	0.22	2.13	500,000	500,000	July 19, 2026
	0.20	3.67	500,000	500,000	January 31, 2028
	0.20	3.84	250,000	250,000	March 31, 2028
	0.08	4.45	295,925	295,925	November 9, 2028
$	0.18	3.35	1,545,925	1,545,925	

(Expressed in Canadian dollars - unaudited)

10. SHARE CAPITAL (cont'd…)

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.

Warrants

Changes in warrants outstanding are as follows:

	Warrants outstanding		Weighted average exercise price	Weighted average number of periods to expiry
Balance, February 28, 2023	3,677,000	$	0.33	1.48
Balance, February 29, 2024	3,677,000	$	0.33	0.48
Expired	(1,669,000)	$	0.30	NA
Balance, May 31, 2024	2,008,000	$	0.36	0.51

As at May 31, 2024, the following warrants are outstanding and exercisable:

Weighted average exercise price	Weighted Average Life (periods)	Number of warrants outstanding & exercisable	Expiry date
0.30	0.44	500,000	November 9, 2024
0.40	0.53	1,300,000	December 12, 2024
0.23	0.53	208,000	December 12, 2024
$ 0.36	0.51	2,008,000	

11. 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.

12. 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.

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 period ended May 31, 2024.

13. 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.

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

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 $324 (February 29, 2024 – $1,819), which is insufficient to settle current liabilities of $1,234,875 (February 29, 2024 - $1,273,629).

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.

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 May 31, 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.

(Expressed in Canadian dollars - unaudited)

14. 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 three months ended on May 31, 2024 and the year ended February 29, 2024 are as follows:

Due to related parties

		May 31, 2024		February 29, 2024
CFO	$	25,863	$	9,978
Total	$	25,863	$	9,978

During the three months ended May 31, 2024 and May 31, 2023, the Company paid or accrued management and consulting fees to its officers and directors as follows:

Consulting fees

		Three months ended		
		May 31, 2024		May 31, 2023
CFO	$	12,000	$	12,000
	$	12,000	$	12,000

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the thee months ended May 31, 2024:

a) Issued 6,000,000 shares of the Company valued at $480,000 pursuant to the agreement to acquire 1432714 B.C. Ltd.

There were no significant non-cash transactions for the three-month period ended May 31, 2023.

16. SUBSEQUENT EVENTS

On July 5, 2024, Matthew Mikulic resigned as a director from the Company and Thomas Wilson joined as a director of the Company.