ARCHON MINERALS LIMITED

Financial Statements
Second Quarter ended November 30, 2024

(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements of the Company for the period ended November 30, 2024, have been prepared by management and have not been subject to review by the Company's auditors.

ARCHON MINERALS LIMITED

Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	November 30, 2024	May 31, 2024
	$	$
Assets		
Current assets		
Cash	11	53
Amounts receivable	18,783	17,642
	18,794	17,695
Reclamation bond	31,000	31,000
Buffer Zone royalty interest (note 4)	65,311,944	65,311,944
Exploration and evaluation assets (note 3)	3	3
	65,361,741	65,360,642
Liabilities and Equity (Deficiency)		
Current Liabilities		
Accounts payable and accrued liabilities (note 6)	36,764	58,274
Interest payable (note 7)	4,908,609	4,633,059
Convertible debenture (note 7)	8,000,000	8,000,000
	12,945,373	12,691,333
Due to related parties (note 6)	54,776,244	54,737,905
	67,721,617	67,429,238
Equity (Deficiency)		
Share capital (note 5(a))	19,960,114	19,960,114
Share-based payment reserve (note 5 (b))	3,573,094	3,573,094
Equity component of convertible debt (note 7)	2,190,345	2,190,345
Deficit	(28,083,429)	(27,792,149)
	(2,359,876)	(2,068,596)
	65,361,741	65,360,642

See accompanying notes to the condensed interim financial statements

Nature and continuance of operations (note 1)

Approved by the Board of Directors and authorized for issue on January 29, 2025.

"Stewart Blusson"
Stewart Blusson, Director

"Melody Yiu"
Melody Yiu, Director

ARCHON MINERALS LIMITED

Condensed Interim Statements of Comprehensive Income (Loss)
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended November 30,		Six Months Ended November 30,	
	2024	**2023**	**2024**	**2023**
	$	$	$	$
Operating costs and expenses				
Accounting and legal	1,500	3,666	4,173	12,293
Bank charges and interest	21	21	42	33
Interest on convertible debenture	140,421	133,660	275,550	268,789
Telephone	60	99	119	198
Trust and filing fees	3,777	2,265	11,396	2,765
Net income (loss) and comprehensive income (loss) for the period	(145,779)	(139,711)	(291,280)	(284,078)
Weighted average number of common shares outstanding	54,416,758	54,416,758	54,416,758	54,416,758
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)

See accompanying notes to the condensed interim financial statements

ARCHON MINERALS LIMITED
Condensed Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Six Months Ended November 30, 2024	Six Months Ended November 30, 2023
	$	$
Cash provided by (used for):		
Operating activities		
Net income (loss) for the period	(291,280)	(284,078)
Item not involving the use of cash:		
Interest on convertible debenture	275,550	268,789
	(15,730)	(15,289)
Changes in non-cash operating capital:		
Amounts receivable	(1,141)	(1,060)
Accounts payable and accrued liabilities	(21,510)	15,675
Due to related parties	38,339	669
	15,688	15,284
Net cash used during the period	(42)	(5)
Cash, beginning of the period	53	16
Cash, end of the period	11	11

See accompanying notes to the condensed interim financial statements

ARCHON MINERALS LIMITED

Condensed Interim Statements of Changes in Equity (Deficiency)
(Unaudited - Expressed in Canadian dollars)

	Number of shares	Share capital	Share-based payment reserve	Equity component of convertible debenture	Deficit	Total equity (deficiency)
		$	$	$	$	$
June 1, 2023	54,416,758	19,960,114	2,965,073	2,190,345	(26,611,396)	(1,495,864)
Net loss for the period	-	-	-	-	(284,078)	(284,078)
November 30, 2023	54,416,758	19,960,114	2,965,073	2,190,345	(26,895,474)	(1,779,942)
June 1, 2024	54,416,758	19,960,114	3,573,094	2,190,345	(27,792,149)	(2,068,596)
Net loss for the period	-	-	-	-	(291,280)	(291,280)
November 30, 2024	54,416,758	19,960,114	3,573,094	2,190,345	(28,083,429)	(2,359,876)

See accompanying notes to the condensed interim financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Archon Minerals Limited ("the Company" or "Archon"), located at Suite 2801-323 Jervis Street, Vancouver, BC, V6P 3P8, is engaged in the business of diamond exploration in the Northwest Territories of Canada. The Company currently has interests in three property groups.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Several adverse conditions cast doubt on the validity of this assumption. The Company has incurred significant operating losses and negative operating cash flows over the past several fiscal years, has capital and working capital deficiencies, significant levels of debt and is currently unable to self-finance from operations. In addition, the Company is obligated to make cash call payments to the operators of the WO Block and Monument Diamond Projects to maintain its participating interests.

The Company's continued existence is dependent upon its ability to raise additional financing, the continued support of its related parties and its capacity to generate profitable operations in the future.

These factors indicate the existence of a material uncertainly which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the actions already taken or planned will mitigate the adverse conditions and events which raise doubts about the validity of the going concern assumption used in preparing these financial statements. However, there can be no assurance that management actions will be successful.

If the going concern assumption is not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used.

Recent global issues, including the uncertainty around the COVID-19 pandemic and political conflicts in other regions, have adversely affected workplaces, economies, supply chains and financial markets globally. While none of these issues have directly impacted the Company, due to its inactive status, it is not possible at this time for the Company to predict the duration or magnitude of any adverse impact from such matters on the Company's future business operations.

2. MATERIAL ACCOUNTING POLICY INFORMATION

a) Statement of compliance

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

b) Basis of preparation

These financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

c) Cash and cash equivalents

Cash and cash equivalents include term investments with maturities of three months or less, together with accrued interest thereon, which are readily convertible to known amounts of cash.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

d) Use of judgements and estimates

The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Critical judgements in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

i) Going concern
Management applies judgment in determining whether the Company will continue as a going concern for the next year.

ii) Valuation of exploration and evaluation properties and royalty interest
Management applies judgment in determining whether a property is impaired in relation to costs recognized in respect to it on the Company's statement of financial position. Significant judgement is also required in determining, and considering the uncertainties associated with measuring and disclosing, the carrying value of the Company’s royalty interest.

iii) Financial instruments
Financial assets and liabilities are recognized when the Company becomes party to the contracts that give rise to them. The Company determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, reevaluates such classification at each financial year end.

iv) Compound financial instruments
The Company presents convertible debentures separately in its debt and equity components on the statement of financial position. The fair value of a compound instrument at issuance is assigned to its respective debt and equity components. The fair value of the debt component is established first with the equity component being determined with the residual.

Key sources of estimation uncertainty:

There were no key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next year.

e) Revenue Recognition

Revenue is entirely comprised of revenue earned during the year from royalty interests. Revenue recognition occurs when the relevant commodity is transferred to the end customer by the operator of the related property and when revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement.

When the Company does not have access to sufficient information to make a reasonable estimate of consideration to which it expects to be entitled, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

f) Exploration and evaluation assets

Once a permit to explore an area has been secured, expenditures on exploration and evaluation assets are capitalized to exploration and classified as a non-current asset.

Exploration expenditures relate to the initial search for mineral deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Exploration expenditure costs incurred are included in exploration and evaluation assets and these include any cash consideration and advance earn in payments and the fair market value of shares issued, if any, related to the mineral property interests. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that an expenditure is not expected to be recovered, it is charged to comprehensive income.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Amount recorded as exploration and evaluation assets are reflective of actual costs incurred and are not intended to represent current or future fair values.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

g) Impairment

At each reporting period, management reviews all assets for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

h) Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet 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 bases. Deferred tax assets and

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

h) Income taxes *(continued)*

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 also 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.

i) Share capital

The Company records in share capital proceeds from share issuances, net of issue costs and any tax effects. The fair value of common shares issued as consideration for mineral properties is based on the trading price of those shares on the TSX.V on the date of the agreement to issue shares as determined by the Board of Directors. Stock options and other equity instruments issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair values.

j) Share-based payments

The Company's Stock Option Plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to mineral property with a corresponding increase in contributed surplus. Consideration received on the exercise of stock options are recorded as share capital and the related contributed surplus amount are transferred to share capital.

k) Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

l) Reclamation bond

The Company maintains cash deposits, or letters of credit secured by cash deposits, as required by regulatory bodies as assurance for the funding of reclamation costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled or the related property is sold and the obligation is assumed by the buyer.

m) Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the consolidated statement of

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

m) Financial instruments *(continued)*

financial position at the time the Company becomes a party to the contractual provisions. Upon initial recognition, financial instruments are measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument. These instruments will be classified into one of the following five categories: fair value through profit or loss, held-to-maturity, loans and receivables, available-for-sale or financial liabilities at amortized cost.

i) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are measured at fair value with changes in fair value recognized in net (loss) income.

ii) Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash and receivables are recorded at amortized cost as they meet the required criteria.

iii) Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost at the settlement date using the effective interest method of amortization. Accounts payable and accrued liabilities are classified as financial liabilities at amortized cost.

iv) Financial assets and liabilities at fair value through other comprehensive income (FVOCI)

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

n) Provision for closure and reclamation

Provisions for closure and reclamation obligations are recognized when a legal or constructive obligation arises. The liability is recognized at the present value of management's best estimate of the closure and reclamation obligation. The estimate is discounted to the present value using a discount rate specific to the obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized on the same basis as the related asset. Upon settlement of the liability, the Company may incur a gain or loss. At November 30, 2024, the Company had no material provisions for closure and reclamation.

(Unaudited - Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS

The Company's projects are located in the Mackenzie Mining Division, Northwest Territories, Canada.

	Buffer Zone Project	WO Block Project	Monument Diamond Project	Total Mineral Property costs
	$	$	$	$
May 31, 2023	1	1	1	3
Acquisition	-	-	-	-
May 31, 2024	1	1	1	3
Acquisition	-	-	-	-
November 30, 2024	1	1	1	3

Buffer Zone Project

The Company's Buffer Zone Project was, until 2017, subject to a joint venture with Dominion Diamond Mines (previously Dominion Diamond Corporation, "Dominion"), which was the joint venture Operator.

During the 2018 fiscal year, the Company's previous 34.67% interest in the Buffer Zone Project with Dominion was converted to a royalty interest. See note 4.

The Company retains a 100% interest in certain mineral leases located in the western Buffer Zone, which were never subject to the joint venture with Dominion. This interest is recorded at a nominal carrying value of $1.

WO Block Project, Lac de Gras area

The Company has an approximate 17.57% working interest in mineral claims known as the WO Block Project.

The Company must continue to fund its portion of exploration costs or be subject to dilution for non-participation.

The Company accounts for its interest in this joint operation at cost as well, with the cash advances paid to the operator recorded as exploration costs as incurred.

During the 2016 year, the Company impaired the carrying value of the WO Block Project to $1 due to limited exploration activities and no planned expenditures by the operator.

Monument Diamond Project, Lac de Gras area

The Company has an agreement for three of the former leases of mineral claims, known as the DHK claim block, by which it can acquire a 10% interest in the leases for $15,000 and the option to earn an additional 10.4% interest by contributing its proportionate share of costs to each work program. The property is subject to a 2% Gross Overriding Royalty. During the year ended May 31, 2005, the Company increased its interest to 20.4%. The Company must continue to fund its 20.4% portion of exploration costs by way of cash calls demanded by its operator or its interest will be subject to dilution.

The Company has written-down the carrying value of the Monument Diamond Project to $1 due to limited exploration activities.

4. BUFFER ZONE ROYALTY INTEREST

On June 5, 2017, the Company reached an agreement with Dominion to convert its working interest in the Buffer Zone Joint Venture into a 2.3% gross production royalty. Under this agreement, Archon will receive a royalty equal to 2.3% of the gross value of diamonds produced from the Buffer Zone. The Buffer Zone Joint Venture was terminated, and Archon is no longer required to contribute any further capital expenditures nor will it have to pay for any operating costs related to the Buffer Zone.

In February 2021, Dominion sold the Buffer Zone to Arctic Canadian Diamond Company ("Arctic"), which assumed all obligations to Archon pursuant to the royalty agreement. Subsequent to May 31, 2023, a 100% ownership interest in Arctic was acquired by an Australian public company, Burgundy Diamond Mines Ltd.

The royalty interest acquired has been capitalized as a tangible asset with a finite life. It is reported at cost less accumulated depletion and accumulated impairment provisions, if any, with depletion recorded based on diamond recoveries relative to total reserves. Cost has been determined in accordance with the standards of IAS 16 – Property, Plant and Equipment. In the opinion of management, the variables that would be involved in an independent determination of the fair value of the royalty interest are currently such that this amount is not reliably measurable and is therefore not determinable. Accordingly, the Company has recorded its interest at the historical cost associated with its previous investment in the Buffer Zone Joint Venture. However, the Company also follows the guidance of IAS 36 in connection with impairment indicators associated with non-current assets, and believes that no such indicators are currently present.

In assessing impairment factors applicable to these costs, management also considers that, in the context of public disclosures related to its capital structure and ownership, the current debts due to related parties could be potentially convertible to, and therefore considered in substance to represent, equity. Further, these elements create significant uncertainty as to the estimation of the value of the Company's common shares in respect to the consideration of any potential impairment of the asset.

The Company records royalty income, which is payable in cash only, on an accrual basis in accordance with the terms of its royalty agreement, and when the receipt of such income is determinable or has already occurred.

Royalty income aggregating $nil (May 31, 2024: $nil) has been recognized or received during the current period end.

5. SHARE CAPITAL

a) The authorized share capital of the Company consists of an unlimited number of common shares.

During the period ended November 30, 2024:

No shares were issued during the period.

During the period ended November 30, 2023:

No shares were issued during the period.

b) Stock-based compensation and share purchase options

The Company has established a share purchase option plan whereby the board of directors may grant up to a total of 10% of the issued and outstanding common shares of the Company to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors.

(Unaudited - Expressed in Canadian dollars)

5. SHARE CAPITAL *(continued)*

The following is a summary of the changes in the Company's outstanding stock options:

	Six Months Ended November 30, 2024		Year Ended May 31, 2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$
Balance at the beginning of the year	2,400,000	0.31	-	-
Granted	-	-	2,400,000	0.31
Expired	-	-	-	-
Outstanding, end of the period	2,400,000	0.31	2,400,000	0.31

On August 21, 2023, the Company granted 2,400,000 stock options to directors, and officers. These options are exercisable until August 21, 2029, at a price of $0.31 per share. As at November 30, 2024, these options have the remaining contractual life of 4.73 years.

c) Share purchase warrants

There were no share purchase warrants outstanding at November 30, 2024.

6. RELATED PARTY TRANSACTIONS

	November 30, 2024	May 31, 2024
	$	$
Due to the President	54,751,036	54,712,697
Due to a Director	25,208	25,208
	54,776,244	54,737,905

These amounts are unsecured non-interest bearing and have no specific terms of repayment.

Related party transactions not noted elsewhere in these financial statements are as follows:

a) During the six months ended November 30, 2024, the president and director of the Company advanced $nil (May 31, 2024 - $nil), received $nil (May 31, 2024 - $nil) for repayments of shareholder advances, and incurred $38,339 (May 31, 2024 - $27,389) for mineral property costs and administration expenses.

b) During the six months ended November 30, 2024, a director of the Company advanced $nil (May 31, 2024 - $nil) and incurred $nil (May 31, 2024 - $nil) for mineral property costs and administration expenses.

c) During the six months, the Company incurred $773 (November 30, 2023 - $8,000) for legal services to a firm in which a director is a Partner. The outstanding amount of $325 is included in Accounts Payable on November 30, 2024.

These transactions occurred in the normal course of operations and are therefore measured at their exchange amounts.

(Unaudited - Expressed in Canadian dollars)

7. CONVERTIBLE DEBENTURE

On November 7, 2014, the Company issued unsecured convertible debentures to two directors of the Company with a face value of $8,000,000.

The convertible loan bears interest at 5% per year, compounded annually, and matured on November 7, 2017. As at November 30, 2024, the loan has not been converted and is still outstanding. At any time before the convertible debt matures, each lender may convert the outstanding indebtedness of their loan into the Company's common shares at a rate of $1.35 per share during the first year, $1.45 per share during the second year, and $1.55 per share during the third year. On the loan's maturity date, if the total indebtedness outstanding at that time has not been paid in full, the Company may at its discretion convert the outstanding amounts into common shares at the higher of $1.55 per share and the Discounted Market Price (as that term is defined under the TSX Venture Exchange policies) at the time of conversion.

In accordance with IFRS relating to the presentation of convertible debt instruments, the debenture has been classified into its separate loan liability and conversion feature components in the Company's financial statements. The Company valued the liability portion at $5,809,655 (being the present value of the future cash flow streams) with the residual amount being allocated to the conversion feature, or $2,190,345. Over the term of the debenture, this carrying value has been accreted to the $8,000,000 principal amount using the effective interest rate method. After maturity, the debenture continues to accrue interest at 5% per year, compounded annually.

The following is a summary of the convertible debenture at November 30, 2024:

	Proceeds	Debt Component	Equity Component
	$	$	$
Balance at May 31, 2023 and 2024	8,000,000	8,000,000	2,190,345
Accretion expense during the year	-	-	-
Balance at November 30, 2024	8,000,000	8,000,000	2,190,345

8. CAPITAL MANAGEMENT

The Company's primary objective for managing its capital structure is to maintain financial capacity for the purpose of sustaining the future development of the business and maintaining investor, creditor and market confidence.

The Company considers its capital structure to include shareholders' equity and working capital. To effectively manage its resources and minimize risks, the Company prepares annual expenditure budgets that are updated as necessary depending on factors including success of programs and general industry conditions. In the event that adjustments to the capital structure are necessary, the Company may consider issuing additional equity, raising debt or revising its capital investment programs.

The Company's share capital is not subject to any external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any currently contemplated. There have been no changes to the Company's approach to capital management during the period end.

9. FINANCIAL INSTRUMENT RISKS

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash and cash equivalents. As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, the credit risk is considered by management to be negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet operating accounts payable requirements. The Company has maintained sufficient current asset balances and financing from related parties to meet these needs at November 30, 2024.

Foreign Exchange Risk

The Company has virtually no foreign exchange risk as all its activities are carried out in Canada and all its financial assets and liabilities are denominated in Canadian dollars.

Interest Rate Risk

The Company has been exposed to interest rate risk on its cash and cash equivalents. The majority of these deposits have been in discounted instruments with pre-determined fixed yields. Interest rate movements will affect the fair value of these instruments so the Company manages maturity dates of these instruments to match cash flow needs, enabling realization at no loss in almost all cases. At November 30, 2024, the Company maintained all of its cash balance on deposit in a chequing account with a major Canadian bank.

Fair Value of Financial Instruments

The fair value classification of the Company's financial instruments as at November 30, 2024 and May 31, 2024 are as follows:

		November 30, 2024		May 31, 2024	
	Fair value level	Fair value through profit or loss	Amortized cost	Fair value through profit or loss	Amortized cost
		$	$	$	$
Financial assets:					
Cash and cash equivalents	1	11	-	53	-
Reclamation bond		-	31,000	-	31,000
		11	31,000	53	31,000
Financial liabilities:					
Accounts payable and accrued liabilities		-	36,764	-	58,274
Interest payable		-	4,908,609	-	4,633,059
Due to related parties		-	54,776,244	-	54,737,905
Convertible debenture		-	8,000,000	-	8,000,000
		-	67,721,617	-	67,429,238

During the periods ended November 30, 2024 and May 31, 2024, there were no transfers between level 1, level 2 and level 3 classified assets.