# AUQ GOLD MINING INC.

Financial Statements

For the years ended February 28, 2025 and February 29, 2024

(Expressed in Canadian dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of AuQ Gold Mining Inc.**

## Opinion

We have audited the financial statements of AuQ Gold Mining Inc. (the "Company"), which comprise the statements of financial position as at February 28, 2025 and February 29, 2024, and the statements of operations and comprehensive loss, changes in shareholders' equity (deficit), and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2025 and February 29, 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

## Basis for Opinion

We conducted our audits 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 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 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 is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company did not generate any revenue and has negative cash flow from operations of $15,027 during the year ended February 28, 2025 and, as of that date, the Company has a working capital deficit of $1,192,183 and an accumulated deficit of $23,023,990. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 financial statements for the year ended February 28, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Aside from the matter described in the Material Uncertainty Related to Going Concern in our report, we have identified the following key audit matter:

<u>Assessment of Impairment of Exploration and Evaluation Assets</u>

As described in Note 5 to the financial statements, the carrying amount of the Company's exploration and evaluation assets is $241,615 as at February 28, 2025 and, during the year ended February 28, 2025, the Company recorded an impairment loss on its exploration and evaluation assets of $544,374. As fully described in Note 3 to the financial statements, management assesses for indicators of impairment at each statement of financial position date.

The assessment of impairment indicators for exploration and evaluation assets is identified as a key audit matter due to significant judgment made by management, which in turn led to additional auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in this area, particularly regarding the estimation of the recoverable amounts of these assets.

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

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the exploration and evaluation assets through discussion and communication with management.
- Obtaining, on a test basis through government websites or other sources, confirmation of title to ensure mineral rights underlying the exploration and evaluation assets are in good standing.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Statements**

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

In preparing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter of 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 Lonny Wong.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

June 27, 2025

**AUQ GOLD MINING INC.**
Statements of Financial Position
(Expressed in Canadian dollars)

| | Notes | February 28, 2025 $ | February 29, 2024 $ |
|---|---|---|---|
| Assets | | | |
| Current assets | | | |
| Cash | | – | 15,018 |
| GST receivable | | 46,514 | 44,440 |
| Total current assets | | 46,514 | 59,458 |
| Non-current assets | | | |
| Exploration and evaluation assets | 5 | 241,615 | 745,989 |
| Total assets | | 288,129 | 805,447 |
| Liabilities | | | |
| Current liabilities | | | |
| Bank indebtedness | | 9 | – |
| Accounts payable and accrued liabilities | 6, 7, 8 | 1,004,859 | 808,618 |
| Loans payable | 6 | 56,436 | 56,436 |
| Notes payable | 7 | 177,393 | 177,393 |
| Total liabilities | | 1,238,697 | 1,042,447 |
| Shareholder's deficit | | | |
| Share capital | 9 | 19,546,954 | 19,527,454 |
| Share-based payment reserve | 9 | 2,526,468 | 2,515,968 |
| Deficit | | (23,023,990) | (22,280,422) |
| Total shareholders' deficit | | (950,568) | (237,000) |
| Total liabilities and shareholders' deficit | | 288,129 | 805,447 |

Nature of business and continuing operations (Note 1)
Subsequent event (Note 13)

Approved and authorized for issuance on behalf of the Board of Directors on June 27, 2025:

*/s/ Glen Macdonald*
Glen Macdonald, Director

*/s/ Ken Ralfs*
Ken Ralfs, Director

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

**AUQ GOLD MINING INC.**
Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

| | Notes | Year ended February 28, 2025 $ | Year ended February 29, 2024 $ |
|---|---|---|---|
| Expenses | | | |
| Consulting fees | 8 | 60,000 | 66,548 |
| General and administrative | | 9,172 | 230 |
| Impairment of exploration and evaluation assets | 5 | 544,374 | 884,975 |
| Professional fees | | 39,689 | 37,434 |
| Property investigation cost | 8 | 31,420 | – |
| Rent | | 1,397 | 12,272 |
| Transfer agent and filing fees | | 16,180 | 5,350 |
| Total expenses | | 702,232 | 1,006,809 |
| Loss before other income (expense) | | (702,232) | (1,006,809) |
| Other income (expense): | | | |
| Interest expense | 6, 7 | (41,336) | (33,061) |
| Write-off of accounts payable | | – | 10,483 |
| Total other income (expense) | | (41,336) | (22,578) |
| **Net loss and comprehensive loss** | | **(743,568)** | **(1,029,387)** |
| Loss per share, basic and diluted | | (0.04) | (0.06) |
| Weighted average number of common shares outstanding, basic and diluted | | 17,725,431 | 17,501,962 |

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

**AUQ GOLD MINING INC.**
Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars)

| | Share capital | | Share-based payment reserve | Deficit | Total shareholders' equity (deficit) |
|---|---|---|---|---|---|
| | Number of shares | Amount $ | $ | $ | $ |
| Balance, February 28, 2023 | 17,501,962 | 19,527,454 | 2,515,968 | (21,251,035) | 792,387 |
| Net loss and comprehensive loss for the year | - | - | - | (1,029,387) | (1,029,387) |
| Balance, February 29, 2024 | 17,501,962 | 19,527,454 | 2,515,968 | (22,280,422) | (237,000) |
| Units issued for exploration and evaluation assets | 150,000 | 19,500 | 10,500 | - | 30,000 |
| Net loss and comprehensive loss for the year | - | - | - | (743,568) | (743,568) |
| Balance, February 28, 2025 | 17,651,962 | 19,546,954 | 2,526,468 | (23,023,990) | (950,568) |

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

## AUQ GOLD MINING INC.

Statement of Cash Flows
(Expressed in Canadian dollars)

| | Year ended February 28, 2025 $ | Year ended February 29, 2024 $ |
|---|---|---|
| Operating activities | | |
| Net loss and comprehensive loss for the year | (743,568) | (1,029,387) |
| Item not involving cash: | | |
| Impairment of exploration and evaluation assets | 554,374 | 884,975 |
| Interest expense | 41,336 | 33,061 |
| Write-off of accounts payable | – | (10,483) |
| Changes in non-cash operating working capital: | | |
| Amounts receivable | (2,074) | (16,250) |
| Accounts payable and accrued liabilities | 144,905 | 80,517 |
| Bank indebtedness | 9 | – |
| Net cash used in operating activities | (15,027) | (57,567) |
| Investing activities | | |
| Exploration and evaluation asset expenditures | – | (272,567) |
| Net cash used in investing activities | – | (272,567) |
| Financing activities | | |
| Bank indebtedness | 9 | – |
| Proceeds from loan payable | – | 15,000 |
| Net cash provided by financing activities | 9 | 15,000 |
| Change in cash | (15,018) | (315,134) |
| Cash, beginning of the year | 15,018 | 330,152 |
| Cash, end of the year | – | 15,018 |
| Non-cash investing and financing activities: | | |
| Exploration and evaluation expenditures included in accounts payable and accrued liabilities | 10,000 | 246,580 |
| Fair value of units issued for acquisition of Eliza Gold Property | 30,000 | – |

(The accompanying notes are an integral part of these financial statements)

## 1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

AuQ Gold Mining Inc. (the "Company") was incorporated on April 23, 1985 under the Company Act of British Columbia. The Company's head office is located at Suite 1000, 409 Granville Street, Vancouver, BC, Canada, V6C 1T2. The Company is engaged in the exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSXV") under the symbol "AUQ".

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended February 28, 2025, the Company had no revenues and incurred negative cash flow from operations of $15,027. As at February 28, 2025, the Company has a working capital deficit of $1,192,183 and an accumulated deficit of $23,023,990. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast doubt on the ability of the Company to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern, and the effects of such adjustments could be material.

## 2. BASIS OF PRESENTATION

(a) Statement of compliance

The Company's financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issuance by the Audit Committee and approved and authorized for issuance by the Board of Directors on June 27, 2025.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value through profit and loss which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amount of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

**3. MATERIAL ACCOUNTING POLICY INFORMATION** (continued)

(b) Financial Instruments

IFRS 9 – Financial instruments are classified into the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The basis of classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments, other than financial instruments at fair value through profit or loss, are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial instruments at fair value through profit or loss are recognized immediately in the statement of operations.

The Company has made the following classifications for its financial instruments:

| | |
|---|---|
| Cash | Amortized cost |
| Bank indebtedness | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Loans payable | Amortized cost |
| Notes payable | Amortized cost |

<u>*Financial Assets*</u>

*Financial assets at FVTPL*

Financial assets are classified as FVTPL when the financial asset is either held for trading or does not meet the criteria to be measured at amortized cost or at FVOCI. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

*Financial assets at amortized cost*

Financial assets are measured at amortized cost if they are not designated at FVTPL, and the following conditions are met:

- are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and,
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial assets at FVOCI*

Financial assets are measured at fair value through other comprehensive income only if they are not designated at FVTPL, and the following conditions are met:

- it has been held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(b) Financial Instruments (continued)

*Financial Assets* (continued)

*Impairment of financial assets*

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

*Financial Liabilities and Equity Instruments*

*Classification as debt or equity*

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

*Other financial liabilities*

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**3. MATERIAL ACCOUNTING POLICY INFORMATION** (continued)

(c) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(d) Income Taxes

*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred income tax*

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(e) Provisions

A provision is recognized when it becomes probable that a present obligation arising from a past event will require an outflow of resources that can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to settle this obligation. Where a potential obligation resulting from past events exists, but occurrence of the outflow of resources is not probable or the estimate is not reliable, these contingent liabilities are disclosed in commitments and contingencies.

(f) 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 options are shown in equity as a deduction, net of tax, from the proceeds.

Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are issued and any residual value is allocated to the share-based payments reserve. Consideration received for the exercise of warrants is recorded in share capital and the related residual value in warrants reserve is transferred to share capital.

**3. MATERIAL ACCOUNTING POLICY INFORMATION** (continued)

(g) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(h) Loss Per Share

Basic and diluted loss per common share is calculated by dividing the net loss and comprehensive loss by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. The dilutive effect of convertible securities is reflected in the diluted loss per share by application of the "if converted" method. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and warrants is considered to be anti-dilutive. As at February 28, 2025, the Company had 150,000 (2024 - 150,000) potentially dilutive shares outstanding.

(i) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures

Asset acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of asset acquisition costs, they are valued at the closing share price on the date of issuance unless the fair value of goods or services received is determinable. Payments relating to assets acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the financial statements upon payment.

Option payments received are treated as a reduction of the carrying value of the related asset until the Company's option and/or royalty payments received are in excess of costs incurred and then are credited to income.

All expenditures related to the cost of exploration and evaluation of assets including acquisition costs for interests in mineral claims are classified and capitalized as intangible assets until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. These costs will be depreciated over the estimated useful life of the property following commencement of commercial production or will be written off if the property is sold, allowed to lapse, abandoned, or determined to be impaired.

The Company has taken steps, in accordance with industry standards, to verify mineral properties in which it has an interest. Although the Company has made efforts to ensure that legal title to its properties is properly recorded in the name of the Company when all terms of agreements have been met, there can be no assurance that such title will ultimately be secured.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(i) Exploration and Evaluation Expenditures (continued)

Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carry amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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 between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be 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 statement of operations.

Under IFRS 6 – Exploration for and Evaluation of Mineral Resources, one or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of operations.

Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of an exploration and evaluation asset. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money and risks specific to the liability are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in the statement of operations and comprehensive loss. As at February 28, 2025 and February 29, 2024, the Company does not have any restoration obligations.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(j) Recent Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended February 28, 2025, and have not been early adopted in preparing these financial statements.

*IFRS 18 Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements which will replace IAS 1, Presentation of Financial Statements. The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. The Company is still in the process of assessing the impact of this standard on its financial statements.

*Classification of liabilities as current or non-current (amendments to IAS 1, presentation of financial statements)*

On January 23, 2020, an amendment was issued to IAS 1 to address inconsistencies with how entities apply the standards over classification of current and non-current liabilities. The amendment serves to address whether, in the statement of financial position, debt and other liabilities with an uncertain settlement should be classified as current or non-current. This amendment is effective on January 1, 2024. The Company adopted the amendment on the effective date and the adoption did not have a material impact on the Company's financial statements.

*Non-current liabilities with covenants (amendments to IAS 1)*

The amendments to IAS 1 specify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are to be applied retrospectively. The Company adopted the amendment on the effective date and the adoption did not have a material impact on the Company's financial statements.

*Amendments to the Classification and Measurement of Financial Instruments ("Amendments to IFRS 9 and IFRS 7")*

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 which clarify the date of recognition and derecognition of some financial assets and liabilities with a new exception for some financial liabilities settled through an electronic cash transfer system, clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion, add new disclosures for certain instruments with contractual terms that can change cash flows such as instruments with features linked to the achievement of environment, social and governance targets; and update the disclosures for equity instruments designated at FVOCI. Amendments to IFRS 9 and IFRS 7 is effective for periods beginning on or after January 1, 2026, with early adoption permitted. The Company is still in the process of assessing the impact of this standard on its financial statements.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Significant judgments*

Management has made critical judgments in the process of applying accounting policies. The one has the most significant effect on the amounts recognized in the financial statements include:

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

ii. The carrying value of exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

iii. The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of current and deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

*Significant estimates*

The following are 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 current and future financial years:

i. The Company uses the Black-Scholes option pricing model to value options and warrants granted during the period. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.

ii. The Company uses the market price of the Company's common shares based on the end-of-day trading price to record the fair value of common shares for share-based compensation purposes.

(Expressed in Canadian dollars)

## 5. EXPLORATION AND EVALUATION ASSETS

Although the Company has taken steps to verify title to resource properties in which it has an interest, in accordance with industry norms for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

| | Kirkland Creek $ | Partridge Gold $ | Eliza Gold $ | James Bay $ | Nabikok Property $ | Total $ |
|---|---|---|---|---|---|---|
| **ACQUISITION** | | | | | | |
| Balance, February 28, 2023 | 125,001 | 265,233 | 231,653 | 21,440 | - | 643,327 |
| Additions | 25,000 | - | - | - | - | 25,000 |
| Impairment | (121,024) | (265,233) | (30,228) | - | - | (416,485) |
| Balance, February 29, 2024 | 28,977 | - | 201,425 | 21,440 | - | 251,842 |
| Additions | - | - | 30,000 | - | - | 30,000 |
| Impairment | (28,977) | - | - | (21,440) | - | (50,417) |
| **Balance, February 28, 2025** | **-** | **-** | **231,425** | **-** | **-** | **231,425** |
| **EXPLORATION COSTS** | | | | | | |
| Balance, February 28, 2023 | 110,789 | 357,701 | - | - | - | 468,490 |
| Claims renewal | - | - | 10,190 | 5,000 | - | 15,190 |
| Geological (note 8) | - | - | - | 11,000 | 467,957 | 478,957 |
| Impairment | (110,789) | (357,701) | - | - | - | (468,490) |
| Balance, February 29, 2024 | - | - | 10,190 | 16,000 | 467,957 | 494,147 |
| Geological (note 8) | 5,000 | - | - | 5,000 | - | 10,000 |
| Impairment | (5,000) | - | - | (21,000) | (467,957) | (493,957) |
| **Balance, February 28, 2025** | **-** | **-** | **10,190** | **-** | **-** | **10,190** |
| Carrying amounts: | | | | | | |
| Balance, February 29, 2024 | 28,977 | - | 211,615 | 37,440 | 467,957 | 745,989 |
| **Balance, February 28, 2025** | **-** | **-** | **241,615** | **-** | **-** | **241,615** |

Kirkland Creek Property, Yukon Territory

On November 30, 2006, the Company entered into an agreement to purchase the Kirkland Creek Property, located 120 kilometers northwest of Whitehorse, Yukon, in the Ashihik Lake region. The property was originally comprised of 144 claims. The Company paid the vendor (the spouse of the Chief Executive Officer of the Company) 2,000,000 common shares for a 100% interest in the property. The vendor retains a 3% net smelter royalty ("NSR") on any mineral production from the property. Effective November 30, 2010, an advance royalty of $25,000 is payable annually to the vendor. The Company has the right to purchase the NSR for $1,000,000 per percentage point to a maximum of 2%. On May 7, 2007, the Company expanded the property by staking an additional 36 claims adjoining the original 144 claim block. The Company allowed some of the claims it considers to be of lesser importance to lapse.

During the year ended February 28, 2017, the Company impaired this property by $2,296,719 to a nominal amount of $1 as a result of not meeting the criteria for expenditures on the property under IFRS 6, where substantial expenditures are neither budgeted nor planned there is an indicator of impairment. During the year ended February 28, 2019, the Company resumed exploration activities on the property.

During the year ended February 28, 2025, an impairment loss of $33,977 (February 29, 2024 - $231,813) has been recorded due to lapsed mineral claims and uncertainty as to whether future exploration on the property will continue.

**5. EXPLORATION AND EVALUATION ASSETS** (continued)

Partridge Gold Property, Quebec

On January 16, 2020, the Company entered into an agreement to acquire a 100% interest in 95 mineral claims located in Abitibi, Quebec in exchange for issuing 360,000 common shares to the vendor (issued on January 23, 2020).

On October 8, 2020, the Company entered into an agreement to purchase 97 mineral claims that are contiguous to the existing Partridge Property in exchange for a cash payment of $20,000 and the issuance of 100,000 units. Each unit consisted of a common share and a share purchase warrant that entitles the holder to acquire an additional common share at $0.50 for a period of one year.

The vendor has retained a 2% NSR royalty. The Company may purchase 50% of the NSR for $1,000,000.

During the year ended February 29, 2024, the Company recorded an impairment loss of $622,934 for the expiration of the mineral claims.

Eliza Gold Property, Quebec

On February 6, 2020, the Company entered into an option agreement whereby the Company has the right to earn a 100% interest in 8 mineral claims. To earn this interest, the Company is to pay $20,000 within three days of TSX-V approval (paid). The Company is also to issue 150,000 units of the Company on each of the following dates: (1) within three days of TSX-V approval (issued); (2) March 13, 2021 (issued); (3) March 13, 2022 (issued); and (4) March 13, 2023 (issued). Each unit were comprised of one common share and one share purchase warrant exercisable at $0.60 per common share for a period of two years from the date of issuance. The optionor has retained a 2% net smelter royalty, of which two tranches of 0.5% may be purchased by the Company for $500,000 each.

On February 29, 2024, the Company recorded an impairment of $30,228 for the mineral claim that expired.

James Bay Property, Quebec

On December 19, 2022, the Company staked 143 claims for $21,440 in the James Bay region of Quebec.

During the year ended February 28, 2025, an impairment loss on capitalized costs of $42,440 (February 29, 2024 - $nil) has been recorded as management was uncertain as to whether future exploration on the property will continue.

Nabikok Property, Quebec

On August 18, 2023, the Company entered into a binding letter of intent to acquire a 50% legal and beneficial interest in and to 155 mineral claims. To earn this interest, the Company is to fund an aggregate amount of $600,000 exploration costs as follows: (1) $100,000 prior to the first anniversary (incurred); (2) $200,000 prior to the second anniversary (incurred); and (3) $300,000 prior to the third anniversary (incurred).

During the year ended February 28, 2025, the Company recorded an impairment loss of $467,957 (February 29, 2024 – $nil) has been recorded for the expiration of mineral claims, and management's decision to terminate the project due to declining market price of lithium.

## 6. LOANS PAYABLE

(a) As at February 28, 2025, the amount of $18,936 (2024 - $18,936) is owed to a non-related party which bears interest at 20% per annum compounded monthly, is unsecured, and is due on demand. During the year ended February 28, 2025, the Company recorded interest expense of $19,445 (February 29, 2024 - $15,522). As at February 28, 2025, accrued interest of $87,844 (2024 - $68,399) has been recorded in accounts payable and accrued liabilities.

(b) As at February 28, 2025, the amount of $10,000 (2024 - $10,000) is owed to a non-related party which bears interest at 20% per annum compounded, is unsecured, and is due on demand. During the year ended February 28, 2025, the Company recorded interest expense of $9,218 (February 29, 2024 - $7,783). As at February 28, 2025, accrued interest of $46,037 (2024 - $36,818) has been recorded in accounts payable and accrued liabilities.

(c) As at February 28, 2025, the amount of $2,500 (February 29, 2024 - $2,500) was owed to a Company controlled by the CEO of the Company which is non-interest bearing, unsecured, and due on demand.

(d) As at February 28, 2025, the amount of $10,000 (2024 - $10,000) was owed to a non-related party which bears interest at 5% per annum, is unsecured, and due on December 31, 2024. During the year ended February 28, 2025, the Company recorded interest expense of $500 (February 29, 2024 - $610). As at February 28, 2025, accrued interest of $1,110 (2024 - $610) has been recorded in accounts payable and accrued liabilities.

(e) As at February 28, 2025, the amount of $15,000 (2024 - $15,000) was owed to a non-related party which bears interest at 10% (February 29, 2024 – 0%) per annum compounded , unsecured, and due on demand. During the year ended February 28, 2025, the Company recorded interest expense of $1,500 (February 29, 2024 - $nil). As at February 28, 2025, accrued interest of $1,500 (2024 - $nil) has been recorded in accounts payable and accrued liabilities.

## 7. NOTES PAYABLE

As at February 28,2025, the Company had a notes payable balance of $177,393 (2024 – $177,393). Included in the notes payable balance is $33,556 (February 29, 2024 – $33,556) owed to the CEO of the Company and to a company controlled by the CFO of the Company. As at February 28, 2025, accrued interest of $39,117 (2024 - $29,645) has been recorded in accounts payable and accrued liabilities, which includes $7,745 (2024 – $5,659) owed to the CEO of the Company and to a company controlled by the CFO of the Company. The notes are unsecured, bear interest at 5% per annum, and due on demand. During the year ended February 28, 2025, the Company recorded interest expense of $9,472 (February 29, 2024 – $8,870). As at February 28, 2025, accrued interest of $39,117 (February 29, 2024 - $30,272) has been recorded in accounts payable and accrued liabilities.

## 8. RELATED PARTY TRANSACTIONS

(a) As at February 28, 2025, the amount of $250,727 (February 29, 2024 – $139,230) was owed to the CEO of the Company, which is included in accounts payable and accrued liabilities.

(b) As at February 28, 2025, the Company owed $125,000 (February 29, 2024 – $125,000) of accrued royalties to the spouse of the CEO of the Company, which is included in accounts payable and accrued liabilities. During the year ended February 28, 2025, the Company incurred an advance royalty fee of $nil (February 29, 2024 – $25,000) on the Kirkland Creek property (refer to Note 5) to the spouse of the CEO of the Company. The amount owed is non-interest bearing, unsecured, and due on demand.

(c) During the year ended February 28, 2025, the Company incurred consulting fees of $60,000 (February 29, 2024 – $60,000), geological fees of $10,000 (February 29, 2024 - $105,600), and property investigation cost of $31,000 (February 29, 2024 – $nil) to the CEO of the Company.

(Expressed in Canadian dollars)

## 9. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued

<u>For the year ended February 28, 2025:</u>

On June 28, 2024, the Company issued 150,000 units with a fair value of $30,000 pursuant to Eliza Gold Property option agreement (refer to Note 5). Each unit consisted of one common share and one share purchase warrant, where each warrant entitles the holder to purchase an additional common share at an exercise price of $0.60 per share until June 28, 2026. The share purchase warrants had a fair value of $10,500, which is recorded in share-based payment reserves. The fair value of warrants was determined using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 4.04%; expected dividend of 0%; expected life of two years; and expected volatility of 168%.

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

The Company did not have any share capital activity for the year ended February 29, 2024.

(c) Stock Options

The Company, in accordance with the policies of the TSX Venture Exchange, is authorized to grant options to directors, officers, and employees to acquire common shares. The essential elements of the 2015 Stock Option Plan (the "Plan") provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the issued common shares of the Company from time to time. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the fair market value price of the shares on the date of grant of the options (defined as the last closing market price of the Company's shares on the last day shares are traded prior to the grant date). Stock options granted under the Plan vest immediately subject to vesting terms which may be imposed at the discretion of the Directors.

(d) Warrants

A continuity schedule of the Company's warrants are as follows:

| | February 28, 2025 | Weighted Average Exercise Price | February 29, 2024 | Weighted Average Exercise Price |
|---|---|---|---|---|
| Balance, beginning of year | 150,000 | $ 0.60 | 1,200,000 | $ 0.53 |
| Granted | 150,000 | $ 0.60 | - | - |
| Expired | (150,000) | ($ 0.60) | (1,050,000) | ($0.51) |
| Balance, end of year | 150,000 | $ 0.60 | 150,000 | $ 0.60 |

As at February 28, 2025, the following share purchase warrants were outstanding:

| Number of warrants | Exercise price $ | Expiry date |
|---|---|---|
| 150,000 | 0.60 | June 28, 2026 |

(Expressed in Canadian dollars)

## 10. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended February 29, 2024.

## 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

*Fair Values*

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

i. Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

ii. Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

iii. Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash, bank indebtedness, accounts payable and accrued liabilities, loans payable, and notes payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

*Credit Risk*

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. The carrying amount of these financial assets represents the maximum credit exposure.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when it comes due. The Company relies on raising debt and equity financing in timely manner.

The following amounts are the contractual maturities of financial liabilities as at February 28, 2025, and February 29, 2024:

| 2025 | Total<br>$ | Within<br>1 year<br>$ | Within<br>2-5 years<br>$ |
|---|---|---|---|
| Accounts payable and accrued liabilities | 1,004,859 | 1,004,859 | – |
| Bank indebtedness | 9 | – | – |
| Loans payable | 56,436 | 56,436 | – |
| Notes payable | 177,393 | 177,393 | – |
| Total | 1,238,697 | 1,238,688 | – |

(Expressed in Canadian dollars)

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (continued)

*Liquidity Risk* (continued)

| 2024 | Total $ | Within 1 year $ | Within 2-5 years $ |
|---|---|---|---|
| Accounts payable and accrued liabilities | 808,618 | 808,618 | – |
| Loans payable | 56,436 | 56,436 | – |
| Notes payable | 177,393 | 177,393 | – |
| Total | 1,042,447 | 1,042,447 | – |

*Foreign Exchange Rate Risk*

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to significant foreign exchange rate risk.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

*Price Risk*

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

**11. INCOME TAXES**

The tax effect (computed by applying the Canadian federal and provincial statutory rates) of the significant temporary differences, which comprise of deferred income tax assets and liabilities, are as follows:

| | **2025** $ | **2024** $ |
|---|---|---|
| Net loss | (743,568) | (1,029,387) |
| Canadian statutory income tax rate | 27% | 27% |
| Income tax recovery at statutory rate | (200,763) | (277,934) |
| Tax effect of: | | |
| Permanent difference and other | 243 | 121,502 |
| Valuation true-up | (22,658) | – |
| Change in unrecognized deferred income tax assets | 223,179 | 156,432 |
| Income tax provision | – | – |

The significant components of deferred income tax assets and liabilities are as follows:

| | **2025** **$** | **2024** **$** |
|---|---|---|
| Deferred income tax assets | | |
| Non-capital losses carried forward | 1,396,978 | 1,340,863 |
| Net capital losses carried forward | 11,363 | 11,363 |
| Property and equipment | 3,340 | 3,340 |
| Resource properties | 2,429,883 | 2,260,143 |
| Share issuance costs | 3,402 | 6,078 |
| Total gross deferred income tax assets | 3,844,966 | 3,621,787 |
| Unrecognized deferred income tax assets | (3,844,966) | (3,621,787) |
| Net deferred income tax asset | – | – |

(Expressed in Canadian dollars)

## 12. INCOME TAXES (continued)

As at February 28, 2025, the Company has non-capital losses carried forward of $5,173,991, which are available to offset future years' taxable income. These losses expire as follows:

| | $ |
|---|---|
| 2026 | 197,299 |
| 2027 | 294,153 |
| 2028 | 294,400 |
| 2029 | 306,559 |
| 2030 | 301,227 |
| 2031 | 417,624 |
| 2032 | 397,356 |
| 2033 | 507,329 |
| 2034 | 275,866 |
| 2035 | 146,902 |
| 2036 | 175,248 |
| 2037 | 168,307 |
| 2038 | 118,329 |
| 2039 | 172,747 |
| 2040 | 354,727 |
| 2041 | 327,956 |
| 2042 | 175,129 |
| 2043 | 183,122 |
| 2044 | 157,206 |
| 2045 | 202,505 |
| | 5,173,991 |

The Company also has available mineral resource related expenditure pools totalling $9,241,181, which may be deducted against future taxable income on a discretionary basis

## 13. SUBSEQUENT EVENT

On March 31, 2025, the Company entered into an agreement with arm's-length vendors to acquire a 100% interest on Bellechasse Timmins ("BT") project, which consists of 6 claims comprising 351.94 hectares in the Beauce-Bellechasse region of Quebec. The claims are subject to a 1% NSR, with an option to purchase the 1% NSR for $1,000,000 cash payment. On April 23, 2025, the parties amended the consideration price as follows:

- Issuance of 484,436 common shares within 48 hours after TSX-V approval (issued on April 30, 2025);
- Cash payment of $73,250, which may be elected by the vendor to be settled through shares, and 219,750 of common shares based on the volume-weighted average trading price for 20 trading days preceding the issuance date with a minimum price of $0.206 per share ("VWAP20"), to be issued on or before August 25, 2025.

In the event that the VWAP20 is determined to be less than $0.206, the NSR will be increased to 1.5%, and the Company will have the option to purchase the 1.5% NSR for $1,500,000 cash payment.

In connection with the acquisition, the Company incurred finder's fees of $26,975 to be paid by August 25, 2025 and issued 36,363 common shares.