DISCOVERY-CORP ENTERPRISES INC.
(An exploration stage company)

July 31, 2024 and 2023

(Expressed in Canadian Dollars)

Index

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF DISCOVERY-CORP ENTERPRISES INC.

Opinion

We have audited the consolidated financial statements of Discovery-Corp Enterprises Inc. and its subsidiaries (the "Company"), which comprise:

- the consolidated statements of financial position as at July 31, 2024 and 2023;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' deficit for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

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 *Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits 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 consolidated financial statements, which indicates that the Company incurred a net loss of $149,640 during the year ended July 31, 2024 and, as of that date, the Company’s current liabilities exceeded its current assets by $408,622. 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 consolidated financial statements for the year ended July 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditors’ report.

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Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

November 25, 2024

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DISCOVERY-CORP ENTERPRISES INC.
(An exploration stage company)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Notes	Year Ended July 31, 2024	Year Ended July 31, 2023
Expenses			
Administration	9 and 12	$ 130,720	$ 212,944
Exploration	13	19,173	(15,077)
		(149,893)	(197,867)
Interest income		253	276
Net loss and comprehensive loss for year		(149,640)	(197,591)
Loss per share (basic and diluted)		$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding		13,467,096	13,467,096

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

DISCOVERY-CORP ENTERPRISES INC.
(An exploration stage company)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes	As at July 31, 2024	As at July 31, 2023
ASSETS			
Current assets			
Cash		$ 7,204	$ 40,072
Accounts receivable		20,503	13,797
Total current assets		27,707	53,869
Non-current assets			
Reclamation bonds	6	8,000	8,000
Resource property interests	7	20,916	20,916
Total assets		**$ 56,623**	**$ 82,785**
LIABILITIES AND DEFICIT			
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	$ 436,329	$ 312,851
DEFICIT			
Share capital	8	7,472,890	7,472,890
Deficit		(7,852,596)	(7,702,956)
Total deficit		(379,706)	(230,066)
Total deficit and liabilities		**$ 56,623**	**$ 82,785**

APPROVED ON BEHALF OF THE BOARD:

"Iain Brown"
____________________________ Director
Iain Brown

"Alex Pannu"
____________________________ Director
Alex Pannu

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

DISCOVERY-CORP ENTERPRISES INC.
(An exploration stage company)

CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIT
(Expressed in Canadian dollars)

		Share Capital				
	Notes	Number of Shares	Amount	Reserves	Deficit	Total Deficit
Balance, July 31, 2022		**13,467,096**	**$ 7,472,890**	**$ 35,000**	**$ (7,540,365)**	**$ (32,475)**
Net loss for the year		-	-	-	(197,591)	(197,591)
Warrants expired	8	-	-	(35,000)	35,000	-
Balance, July 31, 2023		**13,467,096**	**$ 7,472,890**	**$ -**	**$ (7,702,956)**	**$ (230,066)**
Net loss for the year		-	-	-	(149,640)	(149,640)
Balance, July 31, 2024		**13,467,096**	**$ 7,472,890**	**$ -**	**$ (7,852,596)**	**$ (379,706)**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Notes	Year Ended July 31, 2024	Year Ended July 31, 2023
Operating activities			
Net loss for the year		$ (149,640)	$ (197,591)
Changes in non-cash working capital items			
Accounts receivable		(6,706)	(11,242)
Accounts payable and accrued liabilities		123,478	217,159
Cash from (used) in operating activities		(32,868)	8,326
Increase (Decrease) in cash		(32,868)	8,326
Cash, beginning of year		40,072	31,746
Cash, end of year		$ 7,204	$ 40,072
Supplemental cash flow information			
Interest		-	-
Taxes		-	-

There were no cash investing and financing activities during the years ended July 31, 2024 and 2023.

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

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Discovery-Corp Enterprises Inc. (the "Company") was incorporated under the laws of British Columbia on May 6, 1986 and maintains its head office at 125A - 1030 Denman Street, Vancouver, British Columbia, Canada, V6G 2M6. The Company's registered and records office is at 700 - 401 West Georgia Street, Vancouver, British Columbia, Canada, V6B 5A1. The Company is an exploration stage company engaged in exploration for base and precious metals.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Several adverse conditions may cast significant doubt on the validity of this assumption. The Company has incurred significant losses since inception and as at July 31, 2024. The Company incurred a net loss of $149,640 for the year ended July 31, 2024 (2023 - $197,591) and as of that date, the Company's current liabilities exceeded its current assets by $408,622 (2023 - $258,982).

The Company's ability to continue as a going concern is dependent upon its ability to secure additional financing on a timely basis and achieve sufficient positive cash flows from operating activities to cover obligations and expenses. Management may actively seek additional financing opportunities through the issuance of equity as the need for capital arises. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements including entering into a definitive arrangement agreement dated October 13, 2022 related to the proposed business combination of the Company with Scramble Resources Corp. ("Scramble"), and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful. If the going concern assumption is not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

NOTE 2 – STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

Approval of the Consolidated Financial Statements

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 25, 2024.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Amounts are stated in Canadian dollars, which is the functional and reporting currency for the Company and its subsidiaries. The following reflects the material accounting policies:

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Prebble Resources USA, Inc. (a Nevada corporation). During the year ended July 31, 2023, the Company incorporated under the law of British Columbia two wholly owned inactive subsidiaries, Galaxy Strategy Corp. and 1369569 B.C. Ltd. A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All intercompany balances and transactions have been eliminated upon consolidation.

(b) Interest Income

Interest income derived from cash is recognized on an accrual basis as earned at the stated rate of interest.

(c) Exploration and Evaluation

The Company is in the exploration stage and capitalizes all acquisition costs related to its resource property interests until such time as the properties are put into commercial production, sold, or abandoned. The Company expenses all exploration expenditures in the period incurred. Amounts shown as resource property interests represent acquisition costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values. If a property is put into commercial production, the acquisition costs relating to that property will be depleted based upon the proven reserves available.

From time to time, the Company may acquire or dispose of a resource property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. When the amount of recoveries exceeds the total amount of capitalized costs of the property, the amount in excess of costs is recorded in income.

(d) Mining Exploration Tax Credit

The Company recognizes mining exploration tax recoveries in the period in which the related recoveries are received. The amount recoverable is subject to review and approval by the taxation authorities.

(e) Equity Units

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated to common shares and warrants on a residual value basis. The value allocated to the common shares is based on the market price of the shares on the date of the transaction and the residual, if any, is allocated to the warrants. Consideration received for the exercise of warrants is recorded in share capital and the related amount recognized in warrant reserve is transferred to share capital. Upon warrant expiry, related amounts are transferred from reserves to deficit.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(f) Impairment of Non-current Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually. Other non-financial assets, including resource property interests, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to net loss, except to the extent they reverse gains previously recognized in other comprehensive income (loss).

(g) Financial Instruments

i) Financial Assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss.

Financial assets measured at amortized costs

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- 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 amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(g) Financial Instruments (continued)

i) Financial Assets (continued)

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss). The Company's cash and reclamation bonds are classified as FVTPL.

ii) Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled, or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable. The Company's financial liabilities include accounts payable and accrued liabilities and classified as financial liabilities subsequently measured at amortized cost.

iii) Fair Value Hierarchy

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - 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
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash, reclamation bonds, accounts payables, and accrued liabilities are recorded at their carrying amounts and approximate their fair values due to their short-term nature.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(h) Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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 may affect both the period of revision and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

<u>Exploration and evaluation assets</u>

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Estimates and assumptions made in the realization of the Company's investment in mineral property interests may change if new information becomes available. New information may become available during the use of these assets that causes the Company to adjust its estimates.

Cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

In respect of costs incurred for its mineral properties, management has determined that acquisition costs incurred are capitalized and continue to be appropriately recorded on the consolidated statements of financial position at its carrying value as management has determined there are no indicators of impairment for its mineral properties as at July 31, 2024 and 2023.

<u>Mining exploration tax credits</u>

The Company is entitled to refundable tax credits on qualified resource expenditures incurred in Canada. Management's judgment is applied in determining whether the resource expenditures are eligible for claiming such credits.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(h) Significant Accounting Estimates and Judgments (continued)

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Management assesses the amount of cash on hand at each reporting date to determine whether the Company pursues any exploration programs or adjusts management salaries and other expenses in the following year.

(i) Adoption of New and Future Accounting Standards

IAS 1, Presentation of Financial Statements ("IAS 1") and IFRS Practice Statement 2: In February 2021, the IASB issued amendments to IAS 1 and the IFRS Practice Statement 2 Making Materiality Judgments to provide guidance on the application of materiality judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidelines and illustrative examples are added in the Practice Statement to assist in the application of materiality concept when making the judgments about accounting policy disclosures. The amendments have had an impact on the Company's consolidated financial statements by reducing disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the Company's consolidated financial statements.

NOTE 4 – RISK MANAGEMENT

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash and reclamation bonds. The Company limits exposure to credit risk by maintaining its cash and reclamation bonds with major financial institutions.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities.

At July 31, 2024, the Company had cash of $7,204 (2023 - $40,072) available to apply against short-term business requirements and current liabilities of $436,329 (2023 - $312,851). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows from the Company's financial instruments will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk. The objective of market risk management is to manage and control risk exposure within acceptable parameters, while optimizing the return. The Company is not exposed to significant market risk.

(Expressed in Canadian dollars)

NOTE 5 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource property interests. In the management of capital, the Company includes the components of equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, option its resource property interests for cash and/or expenditures, or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary.

The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company has not changed its capital risk management strategy during the year ended July 31, 2024 and is not subject to externally imposed capital requirements.

NOTE 6 – RECLAMATION BONDS

The reclamation bonds are comprised of a $1,000 (2023 - $1,000) cash deposit plus term deposits held in a financial institution as security for reclamation obligations pursuant to the *Mines Act* and *Health, Safety and Reclamation Code for Mines* in British Columbia. The $2,000 (2023 - $2,000 at 3%) term deposit bears interest at 2.75% per annum and matures September 16, 2025. The $5,000 (2023 - $5,000 at Prime less 2.85%) term deposit bears interest at prime rate less 2.95% and matures January 16, 2025. The deposits are renewed annually.

NOTE 7 – RESOURCE PROPERTY INTERESTS

	2024	2023
Galaxy Property, British Columbia, Canada	$ 20,916	$ 20,916

Galaxy Property, British Columbia, Canada

The Company holds an undivided 100% interest in seven mineral claims and two Crown-granted mineral claims in the Kamloops Mining Division of British Columbia, Canada, known as the Galaxy Property.

Rock Creek, Nevada, USA

The Company holds a 50% interest in the Rock Creek property. The Company has written off the property for accounting purposes but retains its interest for viable projects in the future.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material, and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in significant liability to the Company.

NOTE 7 – RESOURCE PROPERTY INTERESTS (continued)

Environmental (continued)

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

Title

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all its properties are in good standing. However, such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

Realization

The investment in resource properties comprises a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the confirmation of legal ownership, the attainment of successful production from the properties, or from the proceeds of their disposal.

NOTE 8 – EQUITY

(a) Authorized: unlimited number of common shares without par value.

(b) Issued

During the years ended July 31, 2023 and July 31, 2024, no shares were issued.

(c) Stock Options

The Company established a stock option plan under which it may grant stock options totaling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to employees and persons providing investor-relation or consulting services up to a limit of 5%, 2%, and 2%, respectively, of the Company's total number of issued and outstanding shares per year. The stock options are fully vested on the date of grant, except for options granted to persons providing investor relations services, which vest over a twelve-month period. The option price must be greater or equal to the discounted market price on the grant date and the option expiry date cannot exceed five years after the grant date.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. There were no options granted or outstanding during the years ended July 31, 2024 and 2023.

(Expressed in Canadian dollars)

NOTE 8 – EQUITY (continued)

(d) Warrants

Details of the status of the Company's warrants as at July 31, 2024 and 2023, and changes during the years then ended, are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2022	4,750,000	$ 0.14
Expired*	(3,500,000)	$ 0.15
Balance, July 31, 2023 and 2024	1,250,000	$ 0.10

*On January 20, 2020, the Company closed a non-brokered private placement of 3,500,000 units at a price of $0.10 per unit for total gross proceeds of $350,000; of the total proceeds, $35,000 was allocated to warrants. Each unit consists of one common share and one share purchase warrant of the Company. Each warrant entitled the holder to purchase an additional share in the capital of the Company at an exercise price of $0.15 until January 20, 2023. These warrants expired on January 20, 2023 and the reserve of $35,000 was transferred to the deficit during the year ended July 31, 2023.

The warrants outstanding at July 31, 2024 and July 31, 2023 are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,250,000	$ 0.10	October 12, 2024

The weighted average remaining contractual life of warrants outstanding at July 31, 2024 is 0.2 (2023 - 1.2) years. The outstanding warrants of 1,250,000 expired unexercised subsequent to the year ended July 31, 2024.

NOTE 9 – RELATED PARTY TRANSACTIONS

The consolidated financial statements include transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. The remuneration of directors and other key management personnel was as follows:

	2024	2023
Short-term employee benefits (Notes 12 and 13)	$ 118,800	$ 118,800

Key management personnel were not paid any post-employment benefits, termination benefits, or other long-term benefits during the respective periods.

At July 31, 2024, the Company had $257,400 (2023 - $138,600) owing to related parties. The amounts due to related parties are unsecured, have no stated terms of repayment and are interest-free.

NOTE 10 – SEGMENT DISCLOSURE

The Company operates in one business segment, which is the acquisition and exploration of mineral property interests, and its non-current assets are held in Canada.

(Expressed in Canadian dollars)

NOTE 11 – INCOME TAXES

The Company has operating losses that may be carried forward to apply against future years' income for income tax purposes. These losses expire as follows:

	Canada	U.S.	Total
2025	$ 325,000	$ -	$ 325,000
2026	61,000	178,000	239,000
2027	216,000	1,000	217,000
2028	314,000	-	314,000
2029	210,000	2,500	212,500
2030	172,000	4,700	176,700
2031	187,000	2,700	189,700
2032	268,000	2,800	270,800
2033	269,000	2,300	271,300
2034	263,000	2,100	265,100
2035	193,000	2,000	195,000
2036	176,000	2,300	178,300
2037	179,000	2,600	181,600
2038	159,000	2,600	161,600
2039	118,000	2,800	120,800
2040	135,000	2,700	137,700
2041	61,000	1,300	62,300
2042	163,000	1,400	164,400
2043	201,000	1,400	202,400
2044	150,000	1,400	151,400
	$ 3,820,000	$ 216,600	$ 4,036,600

(Expressed in Canadian dollars)

NOTE 11 – INCOME TAXES (continued)

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2024	2023
Net loss for year	$ (149,640)	$ (197,591)
Canadian statutory income tax rate	27.00%	27.00%
Loss tax benefit computed at statutory rates	(40,403)	(53,350)
Change in timing differences	(4,466)	4,973
Unused tax losses and tax offsets not recognized in tax asset	41,302	48,377
Under provided in prior years	3,567	-
Income tax expense	$ -	$ -

The Company recognizes tax benefits on losses or other deductible amounts generated where it is probable that taxable income will be available for the recognition of deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2024	2023
Non-capital loss carry-forwards – Canada	$ 3,818,764	$ 3,687,786
Capital loss carry-forwards	901,508	901,508
Excess of unused exploration expenditures for Canadian tax purposes over carrying value of mineral property interests	762,952	738,327
Non-capital loss carry-forwards – US	217,015	205,784
Share issuance costs	1,423	4,056
Unrecognized deductible temporary differences	$ 5,701,662	$ 5,537,461

NOTE 12 – ADMINISTRATION EXPENSES

The administration expenses for the Company are broken down as follows:

	2024	2023
Consulting fees administration (Note 9)	$ 99,800	$ 118,800
Professional fees	22,906	80,284
Listing, filing and transfer agent fees	6,870	12,204
Office	800	755
Shareholder and investor relations	-	466
Bank charges	344	435
	$ 130,720	$ 212,944

(Expressed in Canadian dollars)

NOTE 13 – EXPLORATION EXPENSES

The exploration expenses for the Company are broken down as follows:

	2024	2023
Government fees	$ 247	$ 247
Field exploration planning and data assembly (Note 9)	19,000	-
British Columbia mining exploration tax credit	(74)	(15,324)
	$ 19,173	$ (15,077)

NOTE 14 – DEFINITIVE ARRANGEMENT AGREEMENT

The Company entered into a definitive arrangement agreement dated October 13, 2022 (the "Arrangement Agreement") related to the proposed business combination (the "Transaction") of the Company with Scramble Resources Corp. ("Scramble"), a company incorporated under the laws of British Columbia.

It is expected that, immediately prior to closing the Transaction, there will be an aggregate of 22,800,000 shares in the capital of Scramble (the "Scramble Shares") issued and outstanding and, accordingly, 22,800,000 Consideration Shares (as defined below) are expected to be issued on closing. The Consideration Shares will be issued at a post-consideration price per share of $0.1897, for a total consideration of $4,325,160. The transaction is subject to TSXV, shareholder and court approval.