



AMENDED AND RESTATED

CONSOLIDATED INTERIM UNAUDITED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE TO READER

The accompanying consolidated interim unaudited financial statements ("Interim Financial Statements") of Pedro Resources Ltd. (the "Company") for the three months ended March 31, 2024 and 2023 are the responsibility of the Company's management ("Management"). Management is responsible for the preparation, fair presentation and integrity of the Statements, including the selection of appropriate accounting principles, judgments and estimates necessary to prepare the Statements in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the Statements, they must be accompanied by a notice indicating that they have not been reviewed by an auditor. In this respect, the Company advises that its independent auditor has not performed a review or audit of these Statements.

NOTICE TO READER

The Company has determined that the Company's previously filed unaudited condensed interim financial statements and management's discussion and analysis ("MD&A") for the three month period ended March 31, 2024 needed to be amended to reflect certain adjustments.

Accordingly, updates have been made to the Company's unaudited condensed interim financial statements and MD&A for the three month period ended March 31, 2024 as previously filed to clarify and provide additional and complete disclosure and correct calculation errors.

The previously filed unaudited condensed interim financial statements and MD&A for the financial periods were originally filed by the Company on Sedar+ on June 4, 2024. Each of the Amended and Restated Unaudited Condensed Interim Financial Statements and Revised MD&A replaces and supersedes the respective previously filed unaudited condensed financial statements and related MD&A.

Pedro Resources Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	March 31, 2024	December 31, 2023
Assets		\$	\$
Current Assets			
Cash		29,124	2,212
Taxes and other receivables		22,919	52,919
Prepaid Expenses		30,000	
Total Assets		82,043	55,132
Liabilities and Shareholders' Deficit			
Current Liabilities			
Accounts payable and accrued liabilities		89,960	444,868
Consideration payable – short-term	6	-	460,183
Due to related parties	4, 8	-	163,616
Total Current Liabilities		89,960	1,068,667
Non-Current Liabilities			
Consideration payable – long-term	6	-	-
Convertible Debenture	7(e)	725,000	
Total Non-Current Liabilities		725,000	-
Total Liabilities		814,960	1,068,667
Shareholders' Deficit			
Share capital	7	9,843,041	9,462,040
Contributed Surplus	7	186,367	186,367
Accumulated deficit		(10,762,326)	(10,661,942)
Total Shareholders' Deficit		(732,917)	(1,013,535)
Total Liabilities and Shareholders' Deficit		82,043	55,132

Nature of Business and Going Concern (Note 1) and Subsequent Event (Note 9)

Approved by the Board

"Brian Stecyk"

"Ronald Mercier"

"Jacqueline Wilkie"

Director (Signed)

Director (Signed)

Director (Signed)

Pedro Resources Ltd.
Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

Expenses	Notes	For the years 1st quarter ending March 31	
		2024	2023
Advertising & Promotion		892	-
Bank Charges		343	
Collaborate Agreement		-	-
Consulting Fees		92,182	10,500
General and Administration		-	1,450
Professional Fees		4,000	8,027
Regulatory and Transfer Agent Fees		2,966	1,253
Shareholder Communicatiions		-	1,370
Travel		-	6,023
Loss before finance and other items		(100,383)	(28,623)
Accretion expense	6		(0.00)
Net loss for the 1st Quarter		(100,383)	(28,623)
Loss per common share – basic and diluted		(0.01)	(0.01)
Weighted average number of common shares Outstanding – basic and diluted		34,860,830	32,570,830

Pedro Resources Ltd.
Consolidated Statements of Changes in Shareholders' Deficit
(Expressed in Canadian dollars)

	Number of common shares		Share capital		Contributed surplus		Warrant reserve		Accumulated Deficit		Total
Balance at January 1, 2023	32,570,830	\$	9,449,540	\$	-	\$	151,231	\$	(10,397,741)	\$	(796,970)
Net loss for the period									(28,623)		(28,623)
Balance at March 31, 2023	32,570,830	\$	9,449,540	\$	-	\$	151,231	\$	(10,426,364)	\$	(825,593)
Private placement	250,000		12,500								12,500
Share-based compensation			-		292,796				(292,796)		-
Warrants expiry			-		151,231		(151,231)		-		-
Options expiry			-		(257,660)				257,660		-
Net loss for the period			-		-		-		(200,442)		(200,442)
Balance at December 31, 2023	32,820,830	\$	9,462,040	\$	186,367	\$	-	\$	(10,661,942)	\$	(1,013,535)
Share issuances	2,040,000		381,001								381,001
Net loss for the period									(100,384)		(100,384)
Balance at March 31, 2024	34,860,830	\$	9,843,041	\$	186,367	\$	-	\$	(10,762,326)	\$	(732,918)

See accompanying notes to the unaudited consolidated financial statements

Pedro Resources Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	For the three months ended March 31	
	2024	2023
	\$	
Operating activities		
Net loss for the year	(100,383)	(28,623)
Items not affecting cash:		
Accretion expense		-
Shares issued for debt		
Net changes in non-cash working capital items:		
Taxes and other receivables	-	(2,858)
Prepaid expenses		-
Accounts payable and accrued liabilities	110,296	10,124
Cash (used in) operating activities	(9,913)	(21,357)
Financing Activities		
Proceeds from private placement	(17,000)	-
Advance from related party	-	21,576
Cash provided by financing activities	(17,000)	21,576
Increase (decrease) in cash	26,912	219
Cash, beginning of year	2,212	523
Cash, end of year	29,124	742

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the three months ended March 31, 2024 and 2023

1. Nature of Business and Going Concern

Pedro Resources Ltd. (the "Company") is a publicly traded company actively engaged in the acquisition, exploration and development of mineral properties. The address of the Company's corporate office and principal place of business is 5th Floor - 410 West Georgia Street, Vancouver, British Columbia, V6B 1 3.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a going concern basis which assumes the Company will be able to meet its obligations and continue its operations for the next 12 months. During the three months ended March 31, 2024, the Company incurred a net loss and comprehensive loss of \$100,383 and, at March 31, 2024, had a shareholders' deficit of \$732,917. and had a working capital deficit of \$732,917.

The Company's continuation as a going concern is dependent upon successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. There is no assurance that the Company will continue to be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2. Basis of Presentation

(i) Statement of Compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

(ii) Principles of Consolidation

These consolidated financial statements include the accounts of Pedro Resources Ltd. and its wholly-owned subsidiary, Voisey's Bay. All intercompany balances and transactions have been eliminated upon consolidation.

(iii) Basis of Measurement

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The principal accounting policies and critical estimates and judgements used when compiling these consolidated financial statements are set out below. These consolidated financial statements were approved by the Board of Directors on July 24, 2024.

3. Significant Accounting Policies

a) Critical Accounting Estimates, Judgements and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the

Pedro Resources Ltd.
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For the three months ended March 31, 2024 and 2023

circumstances.

Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements were as follows:

(i) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense.

(ii) Valuation of warrants:

The Company uses the Black-Scholes option pricing model to calculate the value of warrants issued using the relative fair value method as part of the Company's private placements. The Black-Scholes model requires six key inputs to determine a value for a warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrant or a higher volatility number used would result in an increase in the warrant value.

The significant areas of judgment considered by management in preparing the consolidated financial statements are as follows:

(i) Going concern:

The Company's management has made an assessment of the Company's ability to continue as a going concern and the consolidated financial statements continue to be prepared on a going concern basis. However, management does not believe the Company has sufficient cash on hand to meet the Company's operating expenditures beyond March 31, 2024, which may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(ii) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

(iii) Asset Acquisition:

The assessment of whether an acquisition meets the definition of a business, or whether assets are acquired is an area of key judgment. If deemed to be a business combination, applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. Any excess of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The acquisition of a business generally has three elements:

- Input – an economic resource that creates outputs when one or more processes are applied to it;
- Process – a system, standard, protocol, convention or rule that when applied to an input or inputs, creates
- Outputs – the result of inputs and processes applied to those inputs.

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b) Loss per common share

Basic loss per common share is computed by dividing the loss by weighted average number of common shares outstanding during the year. The computation of diluted loss per common share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per common share. The calculation proved to be anti-dilutive for the three months ended March 31, 2024 and 2023.

c) Stock-based compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company's Board of Directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of options granted to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured taking into account the terms and conditions upon which the share purchase options were granted. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

d) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction 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 loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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 profit or loss.

e) Rehabilitation Provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, dismantling operating facilities, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed, or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value

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based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of loss and comprehensive loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. When applicable for closed sites, changes to estimated costs are recognized immediately in the consolidated statement of loss and comprehensive loss. When applicable for closed sites, changes to estimated costs are recognized immediately in the consolidated statement of loss and comprehensive loss. As at March 31, 2024, the provision was \$nil.

f) Financial Assets and Liabilities

IFRS 9 – Financial instruments (“IFRS 9”) includes guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVTOCI”) based on the business model in which they are held and the characteristics of their contractual cash flows.

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets classified as FVTPL are measured at fair value with changes in fair value on those items recognized in net loss and comprehensive loss. Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI.

ii. Amortized Cost

Financial assets classified as amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

The Company’s cash and taxes and other receivables are classified as financial assets measured at amortized cost.

iii. Financial assets recorded at FVTOCI

Financial assets are recorded at FVTOCI when the change in fair value is attributable to changes in the Company’s credit risk. The Company did not hold any financial assets measured at FVTOCI as at March 31, 2024 and March 31, 2023.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities measured at amortized cost, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective yield basis is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

The Company’s accounts payable and accrued liabilities, and due to related party approximate their amortized cost.

ii. Financial liabilities recorded at FVTPL

Pedro Resources Ltd.

Notes to Consolidated Financial Statements

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For the three months ended March 31, 2024 and 2023

Financial liabilities are classified as FVTPL if they do not fall into the amortized cost category detailed above.

Transaction costs

Transaction costs associated with financial instruments carried at FVTPL are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Recognition and measurement

Instruments classified as FVTPL are measured at fair value with gains and losses arising from the changes in fair value of the securities presented in the statement of loss and comprehensive loss as the net unrealized gains or losses in the period they arise. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive loss.

Determination of fair values

The determination of fair value requires judgement and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of securities based on quoted trading prices at the end of the reporting period or the closing trade price on the last day the security traded if there were no trades at the end of the reporting period.

Derecognition of financial liabilities

The Company de-recognizes financial liabilities when the obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of loss and comprehensive loss.

Impairment of financial assets

Financial assets not measured at FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amounts of the Company's financial assets are reviewed at each reporting date to determine if there is any indication of impairment. As of March 31, 2024 and December 31, 2023, the fair values of the financial assets classified at amortized cost approximated their carrying value due to their short-term nature.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on unadjusted quoted prices in active markets for identical assets or liabilities;
- 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
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

h) Valuation of Private Placement Units Issued

The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The proceeds from the issuance of units are allocated between share capital and warrants. Unit proceeds are allocated to shares and warrants using the Black-Scholes option pricing model and the share price at the time of financing. If and when the warrants are exercised, the applicable relative fair value recognized in warrants is transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital. For those warrants that expire unexercised on maturity, the recorded value is

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the three months ended March 31, 2024 and 2023

transferred to deficit.

i) Deferred taxes

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

j) New Accounting Standards and Amendments

Certain pronouncements have been issued by the IASB that are effective for annual periods beginning on or after January 1, 2024. The Company has assessed the amendments and determined that there is no material impact on the accounting and presentation of the consolidated financial statements.

Certain pronouncements have been issued by the IASB that are applicable for accounting periods after December 31, 2023. There are currently no such pronouncements that are expected to have a significant impact on the Company's consolidated financial statements upon adoption.

4. Due to Related Parties

The amount due to related parties represents funds received from a company with common directors and funds received from a shareholder. The amounts are non-interest bearing and have no fixed terms of repayment. At March 31, 2024 an amount of \$0.00 was due to related parties.

5. Capital Management

The capital structure of the Company consists of shareholders' equity or deficit. The Company's objectives when managing capital are to ensure sufficient liquidity for operations and adequate funding for growth and capital expenditures while maintaining an efficient balance between debt and equity.

The Company makes adjustments to its capital structure upon approval from its Board of Directors, in light of economic conditions and the Company's working capital requirements. There were no changes in the Company's approach to capital management during the three months ended March 31, 2024. The Company does not presently utilize any quantitative measures to monitor its capital. There are no external restrictions on capital.

6. Financial Instruments

The Company is exposed in varying degrees to a variety of financial instrument related risk. The Company's Board of Directors approves and monitors its risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a. Fair Values

For the Company's financial instruments, including cash, other receivables, due to related parties, accounts payable and accrued liabilities, the carrying amounts approximate fair value due to their immediate or short-term maturity.

b. Currency Risk

The Company currently does not have any significant exposure to foreign currency risk.

c. Credit Risk

Credit risk arises from cash held with banks and financial institutions, and credit exposure to clients or tax authorities, including outstanding receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. To reduce credit risk, cash is held at major financial institutions.

d. Liquidity Risk

Pedro Resources Ltd.***Notes to Consolidated Financial Statements******(Expressed in Canadian dollars, unless otherwise noted)******For the three months ended March 31, 2024 and 2023***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company tries to ensure that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash. Currently, the Company's main source of funding is from the issuance of equity securities for cash, primarily through private placements. As at March 31, 2024, the Company had cash of \$29,124 (December 31, 2023 - \$2,212), accounts payable and accrued liabilities of \$58,553 (December 31, 2023 - \$444,868), short-term consideration payable of \$0.00 (December 31, 2023 - \$460,183), and due to related parties of \$31,408. (D)The Company issued a \$725,000 principal amount convertible debenture to settle, among others the amounts owing is the Vendors in connection with the Transaction. The Property was written off in 2023 and included in the audited financial statements as the Company intended to move forward with the Change of Business.

7. Shareholders' Deficit**a. Share Capital**

The Company's authorized share capital includes an unlimited number of Class "A" common shares having no par value. At March 31, 2024, 34,860,830 common shares (December 31, 2023 – 32,820,830) were issued and outstanding. Please refer to the consolidated statements of changes in shareholders' deficit for movements in share capital during the three months ended March 31, 2024 and December 31, 2023.

b. Share purchase options

In fiscal 2011, the Company adopted a stock option plan ("SOP") pursuant to which the Company is able to grant to directors, officers, employees and service providers options to purchase common shares of the Company. The maximum number of options which may be outstanding at any point in time is 10% of the Company's then outstanding common shares. Generally, options granted will have a maximum term of ten years and a vesting period determined by the Company's Board of Directors.

Share-based payment reserve

The share-based payment reserve records items recognized as share-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised or are cancelled, the amount recorded is transferred to the accumulated deficit.

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c. Stock Options outstanding

There were no stock options issued pursuant to the SOP in the three months ended March 31, 2024.

The following is a summary of stock option movements during the three months ended March 31, 2024 and 2023:

	2024		2023	
	Number of Options	Weighted Avg Exercise Price	Number of Options	Weighted Avg Exercise Price
Balance at Jan. 1	300,000	\$ 0.19	370,000	\$ 0.19
Expired		\$ 0.19	(370,000)	\$ 0.17
Balance at December 31	300,000	-		\$ 0.19

d. Warrants

The Company has issued warrants as part of equity financing. The fair value of warrants issued was \$0.00 and is recognized upon issuance as an equity reserve until expiration or exercise.

The following table summarizes warrant movements during the three months ended March 31, 2024 and 2023:

	Number outstanding	Weighted Average Exercise Price	Expiry Date
Balance at January 1, 2020	1,858,000	\$0.50	June 10, 2021
Issued	2,035,780	\$0.30	September 15, 2023
Expired	(1,858,000)	\$0.50	
Expired	(2,035,780)	\$0.50	
Balance – March 31, 2024 and December 31, 2023	0.00	\$0.30	

The fair value of the warrants issued in 2021 was estimated using a relative fair value attribution of the Black-Scholes model for pricing options using the following weighted average assumptions:

	September 16, 2021
Risk-free interest rate	0.41%
Expected stock volatility	173%
Expected life	2 years
Dividend yield	0%

e. Convertible Debenture March 31, 2024

On December 19, 2023, the Company closed a non-brokered private placement financing of convertible debentures Through the issuance of \$725,000 principal amount convertible debentures of the Company (the “**Debentures**”)

The Debentures bear interest at a rate of 7.2% per annum. The Debentures will mature on the date that is 36 Months from the closing of the Offering (the “Maturity Date”). The Debentures are convertible into common Shares in the capital of the Company at a price of \$0.05 per common share, in whole or in part, at the option of the holder at any time prior to the Maturity Date. All securities issued in connection with the private placement Were subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable Securities legislation.

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The Debentures were issued to settle, among others, the consideration owing to the Vendors under the Transaction. As of the date of this document, the Debentures have not been converted.

8. Key Management Personnel and Related Party Transaction

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors as well as corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer and/or their companies.

Key management personnel compensation for the three months ended March 31, 2024 and 2023 was as follows:

		2024		2023
Short term compensation	\$	-	\$	1,612

9. Subsequent Events

a. Common Share Cancellation

On April 2, 2024, the Company cancelled 660,000 common shares irregularly issued on March 15, 2024.

On April 8, 2024, 500,000 common shares were irregularly issued. On April 29, 2024, 242,000 common shares were irregularly issued. On May 30, 2024, the Company cancelled 1,802,000 common shares irregularly issued in various dates ranging from January 4, 2024 to April 29, 2024.

b. Closing of Private Placement of Common Shares - 1st Tranche

The Company closed a first tranche of its non-brokered private placement of common shares (the "Offering") through the issuance of 5,780,000 common shares in the capital of the Company (the "Common Shares") at a price of \$0.05 per Common Share. In connection with the Offering 250,000 Common Shares were issued as of December 15, 2023, and 5,530,000 Common Shares are being issued as of May 22, 2024.

c. Closing of Private Placement of Common Shares - 2nd Tranche

The Company closed a second tranche of the Offering through the issuance of 940,000 Common Shares at a price of \$0.05 per Common Share for gross proceeds of \$47,000.