VERTICAL EXPLORATION INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

VERTICAL EXPLORATION INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	August 31, 2023	February 28, 2023
ASSETS		
Current		
Cash	**$ 265,757**	$ 5,737
GST receivable	**28,009**	65,262
Prepaid expenses	**5,698**	6,281
	299,464	77,280
Building (Note 3)	**538,018**	566,335
Exploration and evaluation assets (Note 4)	**5,137,658**	4,971,527
	$ 5,975,140	$ 5,615,142
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6 and 7)	**$ 384,427**	$ 453,214
	384,427	453,214
Asset retirement obligation (Note 3)	**158,342**	157,398
	542,769	610,612
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	**13,147,312**	12,457,812
Share-based payment reserve (Note 5)	**2,422,015**	2,252,315
Deficit	**(10,136,956)**	(9,705,597)
	5,432,371	5,004,530
	$ 5,975,140	$ 5,615,142

Nature of Operations and Going Concern (Note 1)

Approved on Behalf of the Board of Directors:

"Peter Swistak"	***"John Sutherland"***
Director	Director

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

VERTICAL EXPLORATION INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	For the three months ended August 31, 2023	2022	For the six months ended August 31, 2023	2022
Expenses				
Accretion expense (Note 3)	**$ 472**	$ -	**$ 944**	$ -
Consulting fees	**84,329**	55,000	**95,129**	133,350
Depreciation (Note 3)	**14,159**	-	**28,317**	-
Filing fees	**13,182**	1,879	**14,659**	8,815
Management fees (Note 6)	**30,000**	30,000	**60,000**	60,000
Office and miscellaneous	**5,589**	4,741	**10,001**	14,461
Promotion and marketing	**1,368**	4,300	**1,368**	6,700
Professional fees (Note 6)	**18,890**	20,082	**43,524**	34,497
Rent	**4,500**	4,500	**9,000**	10,500
Share-based payments (Notes 5 and 6)	**-**	110,500	**163,300**	110,500
Transfer agent fees	**3,155**	3,054	**5,117**	4,151
Loss and Comprehensive Loss For the Period	**$ (175,644)**	$ (234,056)	**$ (431,359)**	$ (382,974)
Loss Per Share, Basic and Diluted	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted Average Common Shares Outstanding – Basic and Diluted	**132,931,526**	123,284,053	**124,886,097**	123,284,053

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

VERTICAL EXPLORATION INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Share Capital								
	Shares		Amount		Share Based Payment Reserve		Deficit		Shareholders' equity
Balance as at February 28, 2022	**123,284,053**	**$**	**12,457,812**	**$**	**2,141,815**	**$**	**(9,142,182)**	**$**	**5,457,445**
Share-based payments	-		-		110,500		-		110,500
Loss for the period	-		-		-		(382,974)		(382,974)
Balance as at May 31, 2022	**123,284,053**		**12,457,812**		**2,252,315**		**(9,525,156)**		**5,184,971**
Loss for the period	-		-		-		(180,441)		(180,441)
Balance as at February 28, 2023	**123,284,053**		**12,457,812**		**2,252,315**		**(9,705,597)**		**5,004,530**
Private placement	14,160,000		708,000		-		-		708,000
Share issuance cost - cash	-		(12,100)		-		-		(12,100)
Share issuance cost - warrants	-		(6,400)		6,400		-		-
Share-based payments	-		-		163,300		-		163,300
Loss for the period	-		-		-		(431,359)		(431,359)
Balance as at August 31, 2023	**137,444,053**	**$**	**13,147,312**	**$**	**2,422,015**	**$**	**(10,136,956)**	**$**	**5,432,371**

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

VERTICAL EXPLORATION INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	For the six months ended August 31, 2023	2022
Cash Flows Provided By (Used In):		
Operating Activities		
Loss for the period	**$ (431,359)**	$ (382,974)
Items not involving cash:		
Accretion expense	**944**	-
Depreciation	**28,317**	-
Share-based payments	**163,300**	110,500
Net change in non-cash working capital items:		
Commodity tax recoverable	**37,253**	32,179
Prepaid expenses	**583**	51,867
Accounts payable and accrued liabilities	**25,275**	46,205
	(175,687)	(142,223)
Investing Activities		
Purchase of building	**-**	(282,392)
Exploration and evaluation assets	**(260,193)**	(31,250)
Advances	**-**	(1,074,876)
	(260,193)	(1,388,518)
Financing Activities		
Private placement proceed	**708,000**	-
Share issuance cost	**(12,100)**	-
	695,900	-
Change in cash during the period	**260,020**	(1,530,741)
Cash, beginning of period	**5,737**	1,650,962
Cash, end of period	**$ 265,757**	$ 120,221

Supplemental disclosure with respect to cash flows (Note 9)

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

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Vertical Exploration was incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange ("TSX-V"). The Company's corporate office is located at Suite 1240 – 789 West Pender Street, Vancouver, BC, V6C 1H2, Canada. The Company is a TSX-V junior mining company with exploration and evaluation assets in Canada.

These condensed interim consolidated financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation for the foreseeable future. The operations of the Company were primarily funded by the issue of share capital and loans. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future. These condensed interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the company be unable to continue in business.

The Company is in the business of exploring for minerals that by its nature involves a high degree of risk. There can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of the exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to obtain financing or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. Additionally, the Company estimates that it will need additional capital to operate for the upcoming year. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

	August 31, 2023	February 28, 2023
Working capital deficiency	**$ (84,963)**	$ (375,934)
Deficit	**$ (10,136,956)**	$ (9,705,597)

2. SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The condensed interim financial statements are presented in Canadian dollars which is the functional currency of the Company.

In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The policies applied in the financial statements are presented below and are based on IFRS' issued and outstanding as of October 27, 2023; the date the Board of Directors approved the condensed interim financial statements.

Estimates and judgments

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment of 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:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position.
ii) The inputs in the Black-Scholes option pricing model to value stock options and compensatory warrants.
iii) The estimated costs of future reclamation, inflation and discount rates to value asset retirement obligation.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim financial statements are as follows:

i) Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

ii) Black-Scholes Option Pricing Model

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and finder's warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity settled benefits.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Estimates and judgments (Continued)

iii) Decommissioning and rehabilitation provision

Management's determination of the Company's decommissioning and rehabilitation provision is based on the reclamation and closure activities it anticipates as being required and its estimate of the probable costs and timing of such activities and measures. Accounting for reclamation obligations requires management to make estimates and judgements of the future costs the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each mining operation and exploration and development property. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

Financial instruments

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to profit or loss. Financial instruments under this classification include cash.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost. Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and accrued liabilities, are classified as amortized cost. The Company does not currently have any FVTPL financial liabilities.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

(iii) *Impairment of financial assets*

There is a three-stage expected credit loss model for calculating impairment for financial assets. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Building

Building is recorded at cost and depreciated using the declining balance method at the following rates per annum.

Building 10% per annum

Building and equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, deprecation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized in profit or loss in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If 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 profit or loss for the year. For an asset that does not generate largely 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.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Decommissioning and restoration provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and property, plant and equipment assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets or property, plant and equipment assets, along with a corresponding increase in the rehabilitation provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets, or property, plant, and equipment assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the year.

Valuation of equity units issued in private placements

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, was allocated to the attached warrants. Any value attributed to the warrants is recorded as share-based payment reserve.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options and compensatory warrants are measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Share issue costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby any premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to flow-through premium liability and included in profit or loss at the same time the qualifying expenditures are made.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Newly adopted accounting policy

There were no new pronouncements that would have any significant effect on these financial statements during the period ended August 31, 2023.

Accounting standards and amendments issued but not yet adopted

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's condensed interim financial statements.

(Expressed in Canadian dollars)

3. BUILDING

Property and equipment are carried at cost less accumulated depreciation. Details are as follows:

		Building
Cost		
Balance, February 28, 2022	$	-
Additions		596,142
Balance, February 28, 2023 and August 31, 2023	$	596,142
Accumulated Depreciation		
Balance, February 28, 2022	$	-
Additions		29,807
Balance, February 28, 2023 and August 31, 2023		29,807
Additions		28,317
Balance, February 28, 2023 and August 31, 2023	$	58,124
Carrying amounts		
Balance, February 28, 2023	$	566,335
Balance, August 31, 2023	$	538,018

The Company's asset retirement obligations are estimated based on the management estimation on the costs associated with the site remediation and restoration plan, such as equipment rental and labour costs, provided by consultants who worked in the mining industry.

The undiscounted amount of estimated cash flows required to settle the asset retirement obligations was $225,120 at February 28, 2023. At February 28, 2023, the estimated future cash flows were discounted using a risk free rate of 3.20% and an inflation rate of 2.00% resulting in a present value of $157,398 which has been capitalized and recognized to the total cost of the building. The asset retirement obligations will be accreted over a period of 30 years.

Asset retirement obligation		
Balance, February 28, 2022	$	-
Additions		157,398
Balance, February 28, 2023		157,398
Accretion expense		944
Balance, August 31, 2023	$	158,342

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

Title to exploration and evaluation assets properties involves certain inherent risks due to the difficulties of determining the validity of certain claims. The Company has investigated title to its exploration and evaluation assets and, to the best of its knowledge, title to its exploration and evaluation assets are in good standing.

	Period Ended August 31, 2023	
	St. Onge Wollastonite Deposit	**Total**
Acquisition costs, beginning of period	$ 1,852,500	$ 1,852,500
Acquisition costs, end of period	$ 1,852,500	$ 1,852,500
Exploration costs, beginning of period	$ 3,119,027	$ 3,119,027
Geo-consulting	32,058	32,058
Field expenses	134,073	134,073
Exploration costs, end of period	$ 3,285,158	$ 3,285,158
Total, end of period	$ 5,137,658	$ 5,137,658

	Year Ended February 28, 2023	
	St. Onge Wollastonite Deposit	**Total**
Acquisition costs, beginning of year	$ 1,852,500	$ 1,852,500
Acquisition costs, end of year	$ 1,852,500	$ 1,852,500
Exploration costs, beginning of year	$ 2,021,517	$ 2,021,517
Assays/lab	114,295	114,295
Geo-consulting	459,939	459,939
Drilling	42,055	42,055
Equipment	83,576	83,576
Field expenses	156,304	156,304
Meal and lodging	263,166	263,166
Less: recovery*	(21,825)	(21,825)
Exploration costs, end of year	$ 3,119,027	$ 3,119,027
Total, end of year	$ 4,971,527	$ 4,971,527

* recovery consists of sales of wollastonite

4. EXPLORATION AND EVALUATION ASSETS (Continued)

St. Onge Wollastonite Deposit

During the year ended February 28, 2018, the Company entered into an option agreement to acquire the St. Onge Wollastonite Deposit, located in the St-Onge township, in the Saguenay – Lac St. Jean region of Quebec. The Company earned a 100% interest by making cash payments of $750,000, issuing 8,000,000 common shares (valued at $670,000) and incurring $2,000,000 in exploration expenditures.

The Company also granted a 2% net smelter return royalty, of which 1% can be purchased by the Company for $1,000,000. Additionally, a $5 per tonne royalty on the first million tonnes of raw material shipped from the property without processing was granted.

During the year ended February 29, 2020, the Company acquired additional claims in consideration of 1,000,000 common shares (issued and valued at $40,000).

During the year ended February 28, 2022, the Company acquired additional claims in consideration of $25,000 cash payment (paid) and 3,500,000 common shares (issued and valued at $367,500).

5. SHARE CAPITAL, STOCK OPTIONS AND WARRANTS

Authorized share capital – an unlimited number of common shares without par value

SHARES ISSUED DURING THE PERIOD ENDED AUGUST 31, 2023

During the period ended August 31, 2023, the Company issued 14,160,000 non-brokered private placement units at a price of $0.05 per unit for gross proceeds of $708,000. Each unit consists of one common share and one transferable common share purchase warrant authorizing the purchase of one additional common share at a price of $0.10 per share until June 30, 2025. In connection with the private placement, the Company paid cash finder's fees of $12,100 and issued 240,200 common share purchase warrants valued at $6,400. Each finder's warrant is exercisable into one common share of the Corporation at a price of $0.10 per finder's warrant until June 30, 2024.

SHARES ISSUED DURING THE YEAR ENDED FEBRUARY 28, 2023

During the year ended February 28, 2023, the Company had no share activity.

STOCK OPTIONS

The Company adopted an equity settled stock option plan. The Company follows the policies of the TSX-V under which it would be authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company.

Under the policies, the exercise price of each option equals the market price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. Vesting terms are determined by the Board of Directors at the time of grant.

During the period ended August 31, 2023, the Company:

i) granted 4,050,000 stock options to directors, officers and consultants of the Company exercisable at $0.075 per share until April 28, 2024, resulting in share-based compensation of $163,300, calculated using the Black-Scholes pricing model.

(Expressed in Canadian dollars)

5. SHARE CAPITAL, STOCK OPTIONS AND WARRANTS (Continued)

STOCK OPTIONS (Continued)

During the year ended February 28, 2023, the Company:

i) granted 300,000 stock options, exercisable at a price of $0.15 per option until July 4, 2023, and resulting in share-based compensation of $7,300, calculated using the Black-Scholes pricing model.

ii) granted 1,000,000 stock options, exercisable at a price of $0.15 per option until August 5, 2025, and resulting in share-based compensation of $103,200, calculated using the Black-Scholes pricing model.

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance at February 28, 2022	4,275,000	$0.16
Granted	1,300,000	0.15
Balance at February 28, 2023	5,575,000	0.15
Granted	4,050,000	0.075
Expired	(300,000)	0.15
Balance at August 31, 2023	**9,325,000**	**$0.12**

As of August 31, 2023, the following stock options were outstanding:

Expiry date	Number of Options	Exercise price	Number of options exercisable
October 19, 2023*	4,275,000	$0.15	4,275,000
April 28, 2024	4,050,000	$0.075	4,050,000
August 5, 2025	1,000,000	$0.15	1,000,000
	9,325,000		9,325,000

* subsequently expired

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during:

	August 31, 2023	February 28, 2023
Risk-free interest rate	3.05%	3.20%
Expected life of options	1.00 years	2.54 years
Expected annualized volatility	183.14%	162.10%
Expected dividend rate	-	-

(Expressed in Canadian dollars)

5. SHARE CAPITAL, STOCK OPTIONS AND WARRANTS (Continued)

WARRANTS

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance at February 28, 2022	46,358,280	$0.12
Expired	(15,086,579)	0.05
Balance at February 28, 2023	31,271,701	$0.15
Granted	14,402,200	0.10
Balance at August 31, 2023	**45,673,901**	**$0.16**

As at August 31, 2023, the following warrants were outstanding:

Expiry date	Number of warrants	Exercise price	Number of warrants exercisable
October 7, 2023*	17,651,700	$0.15	17,651,700
December 23, 2023	13,000,001	$0.25	13,000,001
December 23, 2023	620,000	$0.25	620,000
June 30, 2024	242,200	$0.10	242,200
June 30, 2025	14,160,000	$0.10	14,160,000
Total Outstanding	**45,673,901**		**45,673,901**

* subsequently expired

6. RELATED PARTY TRANSACTIONS

The Company's related parties and key management consist of executive officers, directors, companies owned by executive officers, companies owned by directors, and companies owned by spouses of directors.

The Company incurred the following expenses in connection with key management, including companies owned by key management and directors.

Key Management	For the period ended August 31, 2023	2022
Management fees		
Paid or accrued to an officer of the Company	**$ 60,000**	$ 30,000
Professional fees		
Paid or accrued to an officer of the Company	**$ 1,000**	$ 2,200
Share-based payments		
Paid or accrued to directors and officer of the Company	**$ 30,241**	$ -

Included in accounts payable and accrued liabilities at August 31, 2023 is $270,500 (February 28, 2023 - $208,000) owed to officers of the Company.

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS (Continued)

During the period ended August 31, 2023, the Company received a loan of $15,000 loan from an officer of the Company that was repaid in full.

The amount due to related parties are unsecured, non-interest bearing and has no specific due date.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities consist of:

	August 31, 2023	February 28, 2023
Trade payable	$ 337,927	$ 404,214
Accrued liabilities	46,500	49,000
	$ 384,427	$ 453,214

8. RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Fair value

Financial instruments that are measured at fair value using inputs, which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

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

Cash is measured using level 1 of the fair value hierarchy.

Given that they will mature shortly, the fair value of accounts payable and accrued liabilities approximate their carrying value.

Financial Risk

The primary goals of the Company's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting the Company's net assets from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risks through preventive controls and transferring risk to third parties.

The Company's exposure to potential loss from financial instruments is primarily due to credit risk, liquidity risk and various market risks, including interest rate.

8. RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (Continued)

Interest Rate Risk

Fluctuations in interest rates have only an impact on the return that the cash generates as interest income. Unfavorable changes in the applicable interest rate may result in a decrease of interest income.

The Company has limited exposure to financial risk arising from fluctuations in interest rates earned on short-term investments given their short-term nature. As a result fluctuations in market interest rates during the current year would not have any significant impact on the Company's financial results.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. The Company's ability to meet its commitments for exploration programs, and meet all of its general and administrative costs on a continuous basis is dependent on the continued support of the financial markets. In particular, the Company may have to issue additional common shares. The Company is exposed to liquidity risk.

Other Price Risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company exposure to other price risk is minimal.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. All of the cash is held with one financial institution. Consequently, the Company is exposed to concentration of credit risks of that institution. However, the credit risk is limited, based on the high-quality external credit rating of that institution.

Capital Management

The Company considers the items included in shareholders' equity as capital. The Company's objective in managing capital is to ensure sufficient liquidity to pursue its exploration activities and may raise additional capital through the equity markets as additional capital is required. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. There was no change in the Company's capital management strategy during the period ended August 31, 2023.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	For the period ended August 31,	
	2023	2022
Fair value of options exercised	$ -	$ 12,844
Fair value of broker's warrant issued	$ 6,400	$ -
Reallocation of subscriptions for warrants exercised	$ -	$ 7,500
Accrued exploration and evaluation asset costs in accounts payable	$ 62,883	$ -

10. SEGMENTED INFORMATION

The Company operates in one reportable segment being the acquisition, exploration and evaluation of mineral properties in Canada.