

**VERTICAL EXPLORATION INC.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED AUGUST 31, 2024**  
**(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)

	<b>August 31, 2024</b>	February 29, 2024
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 117,885	\$ 293,253
GST receivable	10,621	15,791
Prepaid expenses	7,666	17,277
	<b>136,172</b>	<b>326,321</b>
<b>Building and property</b> (Note 3)	<b>536,515</b>	<b>562,000</b>
<b>Exploration and evaluation assets</b> (Note 4)	<b>5,278,315</b>	<b>5,222,129</b>
	<b>\$ 5,951,002</b>	<b>\$ 6,110,450</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 532,190	\$ 506,523
	<b>532,190</b>	<b>506,523</b>
<b>Asset retirement obligation</b> (Note 3)	<b>160,242</b>	<b>159,287</b>
	<b>692,432</b>	<b>665,810</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b> (Note 5)	<b>13,585,162</b>	<b>13,585,162</b>
<b>Share-based payment reserve</b> (Note 5)	<b>2,520,715</b>	<b>2,520,715</b>
<b>Deficit</b>	<b>(10,847,307)</b>	<b>(10,661,237)</b>
	<b>5,258,570</b>	<b>5,444,640</b>
	<b>\$ 5,951,002</b>	<b>\$ 6,110,450</b>

**Nature of Operations and Going Concern** (Note 1)

Approved on Behalf of the Board of Directors:

***“Peter Swistak”***

Director

***“John Sutherland”***

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,		For the six months ended August 31,	
	2024	2023	2024	2023
<b>Expenses</b>				
Accretion expense (Note 3)	\$ 478	\$ 472	\$ 955	\$ 944
Consulting fees	9,000	84,329	18,950	95,129
Depreciation (Note 3)	12,743	14,159	25,485	28,317
Filing fees	1,765	13,182	7,796	14,659
Interest and penalties	517	-	517	-
Management fees (Note 6)	30,000	30,000	60,000	60,000
Office and miscellaneous	6,698	5,589	11,892	10,001
Professional fees (Note 6)	28,931	18,890	43,961	43,524
Promotion and marketing	1,920	1,368	2,520	1,368
Rent	4,500	4,500	9,000	9,000
Share-based payments (Notes 5 and 6)	-	-	-	163,300
Transfer agent fees	3,263	3,155	4,994	5,117
<b>Loss and Comprehensive Loss for the Period</b>	<b>\$ (99,815)</b>	<b>\$ (175,644)</b>	<b>\$ (186,070)</b>	<b>\$ (431,359)</b>
<b>Loss Per Share, Basic and Diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted Average Common Shares Outstanding</b>				
<b>– Basic and Diluted</b>	<b>146,904,053</b>	<b>132,931,526</b>	<b>146,904,053</b>	<b>124,886,097</b>

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		Share Based Payment Reserve	Deficit	Shareholders' equity
	Shares	Amount			
<b>Balance as at February 28, 2023</b>	<b>123,284,053</b>	<b>\$ 12,457,812</b>	<b>\$ 2,252,315</b>	<b>\$ (9,705,597)</b>	<b>\$ 5,004,530</b>
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)
<b>Balance as at August 31, 2023</b>	<b>137,444,053</b>	<b>13,147,312</b>	<b>2,422,015</b>	<b>(10,136,956)</b>	<b>5,432,371</b>
Private placement	9,460,000	473,000	-	-	473,000
Share issuance cost - cash	-	(23,150)	-	-	(23,150)
Share issuance cost - warrants	-	(12,000)	12,000	-	-
Share-based payments	-	-	86,700	-	86,700
Loss for the period	-	-	-	(524,281)	(524,281)
<b>Balance as at February 29, 2024</b>	<b>146,904,053</b>	<b>13,585,162</b>	<b>2,520,715</b>	<b>(10,661,237)</b>	<b>5,444,640</b>
Loss for the period	-	-	-	(186,070)	(186,070)
<b>Balance as at August 31, 2024</b>	<b>146,904,053</b>	<b>\$ 13,585,162</b>	<b>\$ 2,520,715</b>	<b>\$ (10,847,307)</b>	<b>\$ 5,258,570</b>

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, 2024	August 31, 2023
<b>Cash Flows Provided By (Used In):</b>		
<b>Operating Activities</b>		
Loss for the period	\$ (186,070)	\$ (431,359)
Items not involving cash:		
Accretion expense	955	944
Depreciation	25,485	28,317
Share-based payments	-	163,300
Net change in non-cash working capital items:		
GST receivable	5,170	37,253
Prepaid expenses	9,611	583
Accounts payable and accrued liabilities	25,667	25,275
	<u>(119,182)</u>	<u>(175,687)</u>
<b>Investing Activities</b>		
Exploration and evaluation assets	<u>(56,186)</u>	<u>(260,193)</u>
	<u>(56,186)</u>	<u>(260,193)</u>
<b>Financing Activities</b>		
Private placement proceeds	-	708,000
Share issuance costs	-	(12,100)
	<u>-</u>	<u>695,900</u>
<b>Change in cash during the period</b>	<b>(175,368)</b>	<b>260,020</b>
<b>Cash, beginning of period</b>	<b>293,253</b>	<b>5,737</b>
<b>Cash, end of period</b>	<b>\$ 117,885</b>	<b>\$ 265,757</b>

**Supplemental disclosure with respect to cash flows (Note 9)**

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

**VERTICAL EXPLORATION INC.**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED AUGUST 31, 2024**  
(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

**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 IFRS Accounting Standards 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.

	<b>August 31,</b>	February 29,
	<b>2024</b>	2024
Working capital deficiency	\$ (396,018)	\$ (180,202)
Deficit	\$ (10,847,307)	\$ (10,661,237)

**2. SUMMARY OF MATERIAL 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 30, 2024; the date the Board of Directors approved the condensed interim financial statements.

**VERTICAL EXPLORATION INC.**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

**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.

- 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.

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**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

**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.

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. Financial instruments under this classification include cash.

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.

(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.

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**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

**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 and property**

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, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Construction in progress ("CIP") is recorded at cost and is not depreciated until construction is completed.

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.

**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.

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**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

**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.

**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.

**VERTICAL EXPLORATION INC.**  
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**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

**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.

**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.

The Company may also be subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through share regulations. When applicable, this tax is accrued as a financial expense until paid.

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**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

**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**

During the period ended August 31, 2024, the Company adopted certain new accounting standards and pronouncements, none of which had a material impact on the Company's financial statements other than IAS 1 amendment regarding adoption of material policies. The Company is currently evaluating a pending amendment to IAS 1 regarding current vs. long-term liabilities and does not expect this to have a material impact on the financial statements.

**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 other than IAS 1 amendment regarding adoption of material policies and has determined that any new standards that have been issued would have no or very minimal impact on the Company's financial statements.

IAS 1 *Presentation of Financial Statements* aims to replace all instances of the term 'significant accounting policies' with 'material accounting policies'. Accounting policies are material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The adoption of these amendments did not materially impact the financial statements of the Company.

IAS 12 *Income Taxes* require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments typically apply to transactions such as leases for the lessee and decommissioning and restoration obligations related to assets in operations. The adoption of these amendments did not materially impact the financial statements of the Company.

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**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements* aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows.

IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

**3. BUILDING AND PROPERTY**

Building and property are carried at cost less accumulated depreciation. Details are as follows:

	Building	Construction in Progress	Total
<b>Cost</b>			
Balance, February 28, 2023	\$ 596,142	\$ -	\$ 596,142
Additions	-	52,298	52,298
Balance, February 29, 2024 and August 31, 2024	<u>\$ 596,142</u>	<u>\$ 52,298</u>	<u>\$ 648,440</u>
<b>Accumulated Depreciation</b>			
Balance, February 28, 2023	\$ 29,807	\$ -	\$ 29,807
Additions	56,633	-	56,633
Balance, February 29, 2024	86,440	-	86,440
Additions	25,485	-	25,485
Balance, August 31, 2024	<u>\$ 111,925</u>	<u>\$ -</u>	<u>\$ 111,925</u>
<b>Carrying amounts</b>			
Balance, February 29, 2024	\$ 509,702	\$ 52,298	\$ 562,000
Balance, August 31, 2024	<u>\$ 484,217</u>	<u>\$ 52,298</u>	<u>\$ 536,515</u>

During the year ended February 29, 2024, the Company began construction of a sedimentation basin. No depreciation has been charged on these balances until the sedimentation basin is fully available for use.

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.

During the year ended February 29, 2024, the undiscounted amount of estimated cash flows required to settle the asset retirement obligations was calculated to be \$225,120. The estimated future cash flows were discounted using a risk free rate of 3.23% and an inflation rate of 2.00% resulting in a present value of \$161,198 which has been capitalized and recognized to the total cost of the building. The asset retirement obligations will be accreted over a period of 29 years. During the period ended August 31, 2024, the Company recorded accretion expense of \$955 (2023 - \$944).

As of August 31, 2024, the asset retirement obligation is recorded at \$160,242 (February 29, 2024 - \$159,287).

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**3. BUILDING AND PROPERTY (Continued)**

<b>Asset retirement obligation</b>	
Balance, February 28, 2023	\$ 157,398
Accretion expense	1,889
Balance, February 29, 2024	159,287
Accretion expense	955
Balance, August 31, 2024	\$ 160,242

**4. EXPLORATION AND EVALUATION ASSETS**

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.

	<b>Period Ended August 31, 2024</b>	
	<b>St. Onge Wollastonite Deposit</b>	<b>Total</b>
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	\$ 3,369,629	\$ 3,369,629
Administration	2,256	2,256
Assays/lab	2,087	2,087
Geo-consulting	9,854	9,854
Equipment	30,683	30,683
Field expenses	11,306	11,306
Exploration costs, end of period	\$ 3,425,815	\$ 3,425,815
Total, end of period	\$ 5,278,315	\$ 5,278,315

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**4. EXPLORATION AND EVALUATION ASSETS (Continued)**

	<b>Year Ended February 29, 2024</b>	
	<b>St. Onge Wollastonite Deposit</b>	<b>Total</b>
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	\$ 3,119,027	\$ 3,119,027
Administration	6,330	6,330
Assays/lab	12,615	12,615
Geo-consulting	76,862	76,862
Equipment	137,857	137,857
Field expenses	11,993	11,993
Meal and lodging	4,945	4,945
Exploration costs, end of year	\$ 3,369,629	\$ 3,369,629
Total, end of year	\$ 5,222,129	\$ 5,222,129

**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, 2024**

During the period ended August 31, 2024, the Company has no share activity.

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

**SHARES ISSUED DURING THE YEAR ENDED FEBRUARY 29, 2024**

During the year ended February 29, 2024, the Company:

- i) 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 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 242,200 finder's warrants with a fair value of \$6,400. Each finder's warrant is exercisable into one common share of the Company at a price of \$0.10 per finder's warrant until June 30, 2024.
- ii) closed private placement of 9,460,000 units at \$0.05 per unit for total gross proceeds of \$473,000. 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 13, 2025 subject to an acceleration clause. In connection with the private placement, the Company paid cash finder's fees to arm's length parties, totaling \$23,150 and issued 413,100 finder's warrants with a fair value of \$12,000. Each finder's warrant is exercisable into one common share of the Company at a price of \$0.10 per finder's warrant until December 13, 2024.

**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, 2024, the Company did not grant any share options.

During the year ended February 29, 2024, 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.
- ii) granted 2,850,000 stock options to directors, officers and consultants of the Company exercisable at \$0.25 per share until June 28, 2025, resulting in share-based compensation of \$86,700, calculated using the Black-Scholes pricing model.

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

**STOCK OPTIONS (Continued)**

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance at February 28, 2023	5,575,000	\$0.15
Granted	6,900,000	0.15
Expired	<u>(4,575,000)</u>	0.15
Balance at February 29, 2024	7,900,000	0.15
Expired	<u>(4,050,000)</u>	0.08
<b>Balance at August 31, 2024</b>	<b>3,850,000</b>	<b>\$0.22</b>

As of August 31, 2024, the following stock options were outstanding:

Expiry date	Number of Options	Exercise price	Number of options exercisable
June 28, 2025	2,850,000	\$0.25	2,850,000
August 5, 2025	<u>1,000,000</u>	<u>\$0.15</u>	<u>1,000,000</u>
	3,850,000		3,850,000

As of August 31, 2024, the Company's outstanding options has a weighted average remaining life of 0.85 years (February 29, 2024 – 0.74 years).

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

	August 31, 2024	February 29, 2024
Risk-free interest rate	-	3.42%
Expected life of options	-	1.21 years
Expected annualized volatility	-	180.75%
Expected dividend rate	-	-

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

**WARRANTS**

During the period ended August 31, 2024, the Company did not grant any warrants.

During the year ended February 29, 2024, the Company:

- i) granted 14,160,000 unit warrants exercisable at \$0.10 until June 30, 2025 and 242,200 finder's warrants exercisable at \$0.10 per share until June 30, 2024, resulting in share issuance cost of \$6,400, calculated using the Black-Scholes pricing model.
- ii) granted 9,460,000 unit warrants exercisable at \$0.10 per share until June 13, 2025 and 413,100 finder's warrants exercisable at \$0.10 per share until December 13, 2024, resulting in share issuance cost of \$12,000, calculated using the Black-Scholes pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance at February 28, 2023	31,271,701	\$0.19
Granted	24,275,300	0.10
Expired	(31,271,701)	0.19
Balance at February 29, 2024	24,275,300	0.10
Expired	(242,200)	0.10
<b>Balance at August 31, 2024</b>	<b>24,033,100</b>	<b>\$0.10</b>

As at August 31, 2024, the following warrants were outstanding:

Expiry date	Number of warrants	Exercise price	Number of warrants exercisable
December 13, 2024	413,100	\$0.10	413,100
June 13, 2025	9,460,000	\$0.10	9,460,000
June 30, 2025	14,160,000	\$0.10	14,160,000
<b>Total Outstanding</b>	<b>24,033,100</b>		<b>24,033,100</b>

As of August 31, 2024, the Company's outstanding warrants has a weighted average remaining life of 0.80 years (February 29, 2024 – 1.30 years).

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

**WARRANTS (Continued)**

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

	<b>August 31, 2024</b>	February 29, 2024
Risk-free interest rate	-	4.19%
Expected life of options	-	1.00 years
Expected annualized volatility	-	182.49%
Expected dividend rate	-	-

**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.

<b>Key Management</b>	<b>For the period ended August 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Management fees</b>		
Paid or accrued to an officer of the Company	<b>\$ 60,000</b>	\$ 60,000
<b>Professional fees</b>		
Paid or accrued to an officer of the Company	<b>\$ 1,000</b>	\$ 1,000
<b>Share-based payments</b>		
Paid or accrued to directors and officer of the Company	<b>\$ -</b>	\$ 30,241

Included in accounts payable and accrued liabilities at August 31, 2024 is \$366,500 (February 29, 2024 - \$323,500) owed to officers of the Company.

During the year ended February 29, 2024, 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.

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**7. 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.

Given that they will mature shortly, the fair value of cash and 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.

**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.

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**7. RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT**

(Continued)

**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, 2024.

**8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	For the period ended August 31,	
	2024	2023
Fair value of broker's warrant issued	\$ -	\$ 6,400
Accrued exploration and evaluation asset costs in accounts payable	\$ -	\$ 62,883

**9. SEGMENTED INFORMATION**

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