FORGE RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended February 28, 2025 and 2024
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF 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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited 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 interim financial statements by an entity's auditor.

FORGE RESOURCES CORP.

Condensed Consolidated Interim Statements of Financial Position

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Note	February 28, 2025 $	August 31, 2024 $
ASSETS			
Current assets			
Cash		2,468,580	344,036
Sales tax receivable		306,609	266,648
Exploration advances		129,890	66,017
Prepaids		270,787	253,168
Total current assets		3,175,866	929,869
Non-current assets			
Property and equipment	5	739,050	-
Exploration and evaluation assets	6	10,648,316	3,611,966
Investment in associate	7	-	2,777,150
Total non-current assets		11,387,366	6,389,116
TOTAL ASSETS		14,563,232	7,318,985
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities		151,512	113,824
Convertible debentures	8	567,333	-
Due to related parties	11	819,560	51,907
Total current liabilities		1,538,405	165,731
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Capital stock	9	29,552,116	22,263,858
Treasury shares	9	(4,623,675)	-
Reserves	9	6,149,863	3,793,528
Accumulated other comprehensive income (loss)		(708,789)	(50,602)
Deficit		(23,171,768)	(18,853,530)
Equity attributable to shareholders		7,197,747	7,153,254
Non-controlling interest		5,827,080	-
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		13,024,827	7,153,254
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		14,563,232	7,318,985

Nature of operations and going concern (Note 1)

Subsequent events (Note 16)

Approved and authorized for issue on behalf of the Board of Directors:

"Cole McClay" — Director

"Greg Bronson" — Director

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

FORGE RESOURCES CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
Unaudited – Prepared by Management
(Expressed in Canadian dollars)

	Note	Three months ended February 28, 2025	Three months ended February 29, 2024	Six months ended February 28, 2025	Six months ended February 29, 2024
EXPENSES					
Consulting	11	199,548	38,691	337,320	74,691
Foreign exchange		(11,985)	22,838	(11,741)	3,210
Interest expense		2,898	-	2,898	-
Marketing		149,399	297,770	185,686	297,770
Office and administration		38,125	(16,617)	56,357	17,645
Professional fees	11	58,716	53,800	87,267	70,637
Rent		9,000	9,000	18,000	18,000
Stock-based compensation	9,11	2,464,893	-	3,539,815	898,709
Transfer agent and filing fees		20,340	19,722	31,244	29,809
		(2,930,934)	(425,204)	(4,246,846)	(1,410,471)
OTHER ITEMS					
Loss on disposal of subsidiary		-	(3,714)	-	(3,714)
Loss on settlement of debt		-	(10,778)	-	(10,778)
Share of loss from associate	7	(24,170)	(61,059)	(62,239)	(61,059)
NET LOSS FOR THE PERIOD		(2,955,104)	(500,755)	(4,309,085)	(1,486,022)
Items that may be reclassified subsequently to profit and loss:					
Share of other comprehensive income (loss) from associate		(6,136)	-	50,602	-
Translation adjustment		(708,789)	-	(708,789)	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(3,670,029)	(500,755)	(4,967,272)	(1,486,022)
NET LOSS ATTRIBUTED TO:					
Shareholders of the Company		(2,958,592)	-	(4,312,573)	-
Non-controlling interest		3,488	-	3,488	-
		(2,955,104)	-	(4,309,085)	-
SHARE OF OTHER COMPREHENSIVE INCOME (LOSS) FROM ASSOCIATE ATTRIBUTED TO:					
Shareholders of the Company		(6,136)	-	50,602	-
Non-controlling interest		-	-	-	-
		(6,136)	-	50,602	-
SHARE OF TRANSLATION ADJUSTMENT ATTRIBUTED TO:					
Shareholders of the Company		(425,273)	-	(425,273)	-
Non-controlling interest		(283,516)	-	(283,516)	-
		(708,789)	-	(708,789)	-
Basic and diluted loss per share		(0.04)	(0.01)	(0.06)	(0.03)
Weighted average number of shares outstanding – Basic and diluted		79,276,646	59,946,263	78,076,700	58,428,288

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

FORGE RESOURCES CORP.
Condensed Consolidated Interim Statements of Cash Flows
Unaudited – Prepared by Management
(Expressed in Canadian dollars)

	Six months ended February 28, 2025 $	Six months ended February 29, 2024 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(4,309,085)	(1,486,022)
Item not involving cash:		
Share of loss from associate	62,239	61,059
Stock-based compensation	3,539,815	898,709
Loss on settlement of debt	-	10,778
Loss on disposal of subsidiary	-	3,714
Changes in non-cash working capital:		
Sales tax receivable	(29,255)	(69,758)
Prepaids	(17,619)	7,394
Accounts payable and accrued liabilities	(76,202)	(126,307)
Due to related parties	35,453	57,837
Net cash used in operating activities	(794,654)	(642,596)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in associate	(2,808,955)	(500,000)
Exploration and evaluation assets	(1,017,728)	(1,102,856)
Cash acquired on acquisition of Aion Mining Corp.	2,621,705	-
Cost recoveries	-	30,025
Cash relinquished on disposal of subsidiary	-	(3,714)
Net cash used in investing activities	(1,204,978)	(1,576,545)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares for cash	3,625,597	830,000
Share issuance costs	(41,036)	(18,920)
Exercise of warrants	480,800	1,167,413
Exercise of stock options	66,250	91,000
Proceeds from sale of treasury shares	6,089	-
Shares subscribed	-	200,000
Net cash provided by financing activities	4,137,700	2,269,493
Effect on exchange rate change on cash	(13,524)	-
Change in cash	2,124,544	50,352
Cash, beginning of period	344,036	34,546
CASH, END OF PERIOD	2,468,580	84,898

Supplemental Cash Flow Information (Note 15)

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

FORGE RESOURCES CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
Unaudited – Prepared by Management
(Expressed in Canadian dollars)

	Number of Shares	Capital Stock $	Shares Subscribed $	Obligation to Issue Shares $	Reserves $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	Equity attributable to shareholders $	Non-controlling interest	Total $
Balance as at August 31, 2023	61,548,436	12,572,811	-	6,500	2,418,074	-	(15,731,998)	(734,613)	-	(734,613)
Private placements	3,320,000	830,000	-	-	-	-	-	830,000	-	830,000
Share issuance for exploration and evaluation assets	1,602,565	633,013	-	-	-	-	-	633,013	-	633,013
Shares issued for the finders of exploration assets	100,000	52,000	-	(6,500)	-	-	-	45,500	-	45,500
Shares issued for finder's fees	200,000	96,000	-	-	-	-	-	96,000	-	96,000
Share issue costs	-	(18,920)	-	-	-	-	-	(18,920)	-	(18,920)
Exercise of warrants	3,751,205	1,167,413	-	-	-	-	-	1,167,413	-	1,167,413
Exercise of stock options	350,000	170,319	-	-	(79,319)	-	-	91,000	-	91,000
Obligation to issue shares	-	-	-	776,642	-	-	-	776,642	-	776,642
Shares subscribed	-	-	200,000	-	-	-	-	200,000	-	200,000
Stock-based compensation	-	-	-	-	802,709	-	-	802,709	-	802,709
Net loss for the period	-	-	-	-	-	-	(1,486,022)	(1,486,022)	-	(1,486,022)
Balance as at February 29, 2024	70,872,206	15,502,636	200,000	776,642	3,141,464	-	(17,218,020)	2,402,722	-	2,402,722

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

FORGE RESOURCES CORP.

Condensed Consolidated Interim Statements of Financial Position

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Number of Shares	Capital Stock $	Treasury Shares $	Reserves $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	Equity attributable to shareholders $	Non-controlling interest	Total $
Balance as at August 31, 2024	82,825,244	22,263,858	-	3,793,528	(50,602)	(18,853,530)	7,153,254	-	7,153,254
Private placements	6,591,995	3,625,597	-	-	-	-	3,625,597	-	3,625,597
Shares issued for the finders of exploration assets	100,000	28,000	-	-	-	-	28,000	-	28,000
Shares issued for finder's fees	63,928	35,160	-	-	-	-	35,160	-	35,160
Share issue costs	-	(151,361)	-	75,165	-	-	(76,196)	-	(76,196)
Shares issued for investment in associate	2,873,564	3,160,920	-	-	-	-	3,160,920	-	3,160,920
Exercise of warrants	775,000	480,800	-	-	-	-	480,800	-	480,800
Exercise of stock options	125,000	109,142	-	(42,892)	-	-	66,250	-	66,250
Stock-based compensation	-	-	-	3,539,815	-	-	3,539,815	-	3,539,815
Treasury shares	(5,958,600)	-	(4,623,675)	(1,215,753)	-	(5,665)	(5,845,093)	-	(5,845,093)
Translation adjustment	-	-	-	-	(708,789)	-	(708,789)	-	(708,789)
Share of other comprehensive income from associate	-	-	-	-	50,602	-	50,602	-	50,602
Non-controlling interest							-	5,823,592	5,823,592
Net loss for the period	-	-	-	-	-	(4,312,573)	(4,312,573)	3,488	(4,309,085)
Balance as at February 28, 2025	87,396,131	29,552,116	(4,623,675)	6,149,863	(708,789)	(23,171,768)	7,197,747	5,827,080	13,024,827

1. NATURE OF OPERATIONS AND GOING CONCERN

Forge Resources Corp. (the "Company") was incorporated on August 21, 2014 under the Business Corporations Act of British Columbia. The head office of the Company is 1050 - 12471 Horseshoe Way, Richmond, BC, V7A 4X6. The registered and records office is Suite 700, 401 W Georgia St, Vancouver, BC, V6B 5A1. The common shares of the Company are listed on the Canadian Securities Exchange ("CSE") under the symbol "FRG", on the OTCQB under the symbol "FRGGF" and on the Frankfurt Stock Exchange ("FSE") under the symbol "5YZ".

The Company is in the business of the exploration and development of natural resource properties in Canada and Colombia.

During the period ended February 28, 2025, the Company earned a 60% interest in Aion Mining Corp. ("Aion"), a company that is developing the La Estrella coal project in Santander, Colombia and is proceeding to earn an additional 20% interest (Note 6 and Note 16).

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at February 28, 2025, the Company has not generated any revenues from operations, has a working capital of $1,637,461 and accumulated deficit of $23,171,768.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management assesses that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

If the going concern assumption is not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the classifications used could be material.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on April 29, 2025.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared using accounting policies in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting using the principles of International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements include the accounts of the Company and the entities controlled by the Company, being 60% of Aion and its formerly wholly owned subsidiary, Benjamin Hill Mining Company SA de CV. A subsidiary is any entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity; is exposed to variable returns in connection with its interest in the entity; and a linkage exists between this power and exposure to variable returns. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control. The Company closed the acquisition of Aion on February 19, 2025 and the Company disposed of its former subsidiary, Benjamin Hill Mining Company SA de CV on February 19, 2024.

All intra-group transactions, balances, income and expenses are eliminated, in full, on consolidation.

2. BASIS OF PREPARATION (CONTINUED)

These condensed consolidated interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting.

The condensed consolidated interim financial statements are presented in Canadian Dollars.

The functional currency is the currency of the primary economic environment in which the entity operates and is determined for each entity within the Company. The functional currency for the entities within the Company are: the Canadian dollar (the Company, Aion Mining Corp., and its former subsidiary, Benjamin Hill Mining Company SA de CV) and the Colombian Peso (Aion Mining Corp. (Colombia branch)).

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended August 31, 2024, with the addition of the following:

Asset Acquisitions

The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The agreement to acquire the 60% interest in Aion is determined to constitute an acquisition of assets (Note 6).

4. MATERIAL ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended August 31, 2024, with the addition of the following:

Property and equipment

Equipment is carried at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Amortization is calculated on a straight-line basis using the useful life of the asset, except in the year of acquisition, when the rate is pro-rated for the months after acquisition:

Equipment – 5 year straight-line

The estimated useful lives, residual values, and amortization method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis. Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and recognized in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued plus any liabilities and contingent liabilities assumed. Assets acquired and liabilities assumed (including liabilities of the acquiree not previously recognized) in the business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest. Goodwill is initially measured at cost being the excess of the purchase consideration of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the costs of the acquisition are less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units ("CGUs") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

The Company used the equity-accounted carrying amount as accumulated cost for measuring the previously held interest in the investment in associate.

Non-controlling interests

Non-controlling interests in the Company's less than wholly-owned subsidiaries are classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets acquired by the Company. Subsequent to the acquisition date, adjustments are made to the carrying amount of non-controlling interests for the non-controlling interests' share of changes to the subsidiary's equity. Adjustments to recognize the non-controlling interests' share of changes to the subsidiary's equity are made even if this results in the non-controlling interests having a deficit balance. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interests is adjusted to reflect the change in the non-controlling interests' relative interests in the subsidiary and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to shareholders of the Company.

Convertible debentures

Convertible debentures are compound financial instruments that are recorded in part as a liability and in part as shareholders' equity. The Company uses the residual valuation method to determine the debt and equity components of the convertible debentures. Under the residual valuation method, the liability component is determined by estimating the present value of the future cash payments discounted at a rate of interest which the Company would be charged by the market for similar debt without the conversion option. The difference between the net proceeds of the debenture and the liability component is recorded as a separate component of shareholders' equity. Debentures payable is accreted to its face value at maturity over the term of the debt through a charge to operations.

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

	Land $	Equipment $	Total $
Balance – August 31, 2023 and 2024	-	-	-
Cost			
Additions on acquisition of Aion Mining Corp.	680,228	54,445	734,673
Accumulated Depreciation			
Depreciation	-	-	-
Foreign exchange movement	4,029	348	4,377
Balance – February 28, 2025	684,257	54,793	739,050

6. EXPLORATION AND EVALUATION ASSETS

	Alotta Property, Yukon $	La Estrella Property, Colombia $	Total $
Balance – August 31, 2023	**557,027**	**-**	**557,027**
Acquisition costs:	95,500	-	95,500
Exploration costs:			
Consulting fees	72,000	-	72,000
Drilling	2,911,870	-	2,911,870
Office, miscellaneous and travel	5,594	-	5,594
	3,641,991	-	3,641,991
Cost recoveries	(30,025)	-	(30,025)
Balance – August 31, 2024	3,611,966	-	3,611,966
Acquisition costs:			
Acquisition of 60% of Aion Mining Corp.	-	5,872,745	5,872,745
Other acquisition costs	128,000	735,124	863,124
Exploration costs:			
Construction	-	54,300	54,300
Consulting fees	36,000	-	36,000
Drilling	155,896	464	156,360
Office, miscellaneous and travel	1,005	6,460	7,465
Salaries and benefits	-	19,100	19,100
Taxes and other	-	10,372	10,372
	3,932,867	6,698,565	10,631,432
Foreign exchange movement	-	16,884	16,884
Balance – February 28, 2025	3,932,867	6,715,449	10,648,316

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Alotta Property, Yukon, Canada

During the year ended August 31, 2023, the Company entered into an option agreement (the “Agreement”) with Strategic Metals Ltd. for an option right to earn an undivided 60% joint venture interest in the Alotta project located in the Whitehorse mining district, Yukon.

The option may be exercised by making cash payments in aggregate of $500,000 within five years of the execution of the agreement as follows:

(i) $25,000 upon execution of this agreement by all parties (paid);

(ii) $25,000 on or before July 1, 2023 (paid);

(iii) $50,000 on or before January 17, 2024 (paid);

(iv) $100,000 on or before January 17, 2025 (paid);

(v) $100,000 on or before January 17, 2026;

(vi) $100,000 on or before January 17, 2027; and

(vii) $100,000 on or before January 17, 2028.

The Company must also incur aggregate expenditures of $11,000,000 over five years, as follows:

(i) $500,000 on or before December 31, 2023 (incurred);

(ii) $1,500,000 on or before December 31, 2024 (incurred);

(iii) $2,500,000 on or before December 31, 2025;

(iv) $3,000,000 on or before December 31, 2026; and

(v) $3,500,000 on or before December 31, 2027.

In connection with the agreement, the Company has entered into a finder’s fee agreement with a third party for up to 300,000 common shares of the Company, in installment amounts due concurrent with cash payments payable under the option agreement during the first three years of the term of the agreement as detailed below (issued 100,000 common shares during the year ended August 31, 2024, which 50,000 was due at August 31, 2023 and accrued at a fair value of $6,500 as an obligation to issue shares, Note 9).

(i) 25,000 upon execution of this agreement by all parties (issued);

(ii) 25,000 on or before July 1, 2023 (issued);

(iii) 50,000 on or before January 17, 2024 (issued);

(iv) 100,000 on or before January 17, 2025 (issued);

(v) 100,000 on or before January 17, 2026;

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

La Estrella Property

During the period ended February 28, 2025, the Company earned a 60% interest in the La Estrella Project.

The acquisition of the 60% interest in the La Estrella Project was treated as an asset acquisition. The fair value of the assets acquired and liabilities assumed as at date of acquisition were as follows:

Consideration		
Cash payments	$	4,308,955
Value of 5,984,750 common shares issued		4,623,675
Adjustments to carrying value of investment in associate		(197,242)
Total consideration value:	$	8,735,388

Net assets acquired		
Cash	$	2,621,705
Sales tax receivable		10,706
Marketable securities – shares of Forge Resources Corp.		6,561,225
Exploration advances		119,489
Exploration and evaluation assets		5,872,745
Property, plant and equipment		734,673
Accounts payable		(62,030)
Convertible loans		(567,333)
Due to related parties		(732,200)
Net assets acquired:		14,558,980
Non-controlling interest		(5,823,592)
	$	8,735,388

On October 4, 2022, Aion entered into an option agreement to acquire an undivided and unencumbered 100% interest in mining concessions comprised of 1,040 hectares and known as the La Estrella property located in Santander, Columbia.

In order to acquire its interest, Aion must make cash payments totalling US$2,000,000 in accordance with the following payment schedule to the Optionor:

1) US$100,000 upon Completion of Key Tasks[(1)] date (paid);
2) US$100,000 on or before 90 days following Completion of Key Tasks (paid);
3) US$100,000 on or before 180 days following Completion of Key Tasks (paid);
4) US$100,000 on or before 270 days following Completion of Key Tasks (paid);
5) US$100,000 on or before the first anniversary following Completion of Key Tasks (paid);
6) US$125,000 on or before 90 days following the first anniversary of the Completion of Key Tasks (paid);
7) US$125,000 on or before 180 days following the first anniversary of the Completion of Key Tasks (paid);
8) US$125,000 on or before 270 days following the first anniversary of the Completion of Key Tasks (paid);
9) US$125,000 on or before the second anniversary of the Completion of Key Tasks (paid);
10) US$250,000 on or before 90 days following the second anniversary of the Completion of Key Tasks[(2)];
11) US$250,000 on or before 180 days following the second anniversary of the Completion of Key Tasks;
12) US$250,000 on or before 270 days following the first anniversary of the Completion of Key Tasks; and
13) US$250,000 on or before the third anniversary of the Completion of Key Tasks.

(1) Completion of key tasks includes the execution of a Letter of Interest with the owner of the surface rights and necessary filings with the mining authority.

(2) On February 26, 2025, an extension agreement was entered with the vendor to make monthly payments of US$83,333 for the remainder of payments from March 11, 2025 to February 11, 2026. Any balance carried according to the original payments schedule carries an interest rate of 5% per annum which will be paid with the final payment.

(Expressed in Canadian Dollars)

7. INVESTMENT IN ASSOCIATE

On February 19, 2025, the Company earned a 60% interest in Aion Mining Corp. The Company previously held a 46.07% economic and voting interest in Aion which was recorded as an investment in associate to February 19, 2025.

Details of material associate

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company	
			February 19, 2025	August 31, 2024
Aion Mining Corp. (“Aion”)	Mineral exploration	British Columbia, Canada Branch office in Bogota, Colombia	46.07%	46.07%

The following table is a reconciliation of the carrying value of the investment in Aion:

Balance, August 31, 2023	$ -
Share consideration	1,462,755
Cash consideration	1,500,000
Adjustments to carrying value	(185,605)
Balance, August 31, 2024	2,777,150
Share consideration	3,160,920
Cash consideration	2,808,955
Adjustments to carrying value to February 19, 2025	(11,637)
	8,735,388
Allocated to the acquisition of 60% of Aion (Note 6)	(8,735,388)
Balance, February 28, 2025	$ -

Step acquisition of Aion

On December 13, 2023, the Company signed a definitive agreement with Aion to complete the Company's acquisition of a 24.26% economic interest in Aion. Pursuant to the agreement, the Company acquired common shares of Aion representing a 24.26% economic interest. In consideration, the Company provided Aion with the following: $500,000 in cash on closing (paid); and 1,602,565 common shares of the Company at a fair value of $633,013 (issued).

On April 15, 2024, the Company acquired common shares of Aion to bring the total ownership to a 46.07% economic and voting interest. In consideration, the Company provided Aion with the following: $1,000,000 in cash on closing (paid); and 1,508,621 common shares of the Company at a fair value of $829,742 (issued).

The Company was also granted a right of first refusal for two years, allowing it to purchase common shares in Aion to offset any further issuances by Aion of securities, to allow the Company the opportunity to maintain its 40% economic and voting interest.

Aion is a non-arm's length party to the Company by reason of sharing a common director, Cole McClay.

The Company determined that it exercised significant influence over Aion and accounted for this investment using the equity method of accounting.

During the period ended February 28, 2025 the Company recorded its proportionate share of Aion’s net loss of $62,239 (year ended August 31, 2024 - $135,002) and comprehensive loss of $50,602 (year ended August 31, 2024 – comprehensive loss of $50,602) on the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

8. CONVERTIBLE DEBENTURES

During the year ended August 31, 2023, Aion entered into unsecured loan agreements (the "Convertible Loan Agreements") with related parties. The key terms of the Convertible Loan Agreements are as follows:

Issue Date	Maturity Date	Principal Amount	Annual Interest Rate
September 1, 2022	December 31, 2024*	$70,000	5.00%
September 2, 2022	September 2, 2024**	$42,000	6.50%
December 6, 2022	December 6, 2024**	$490,990	6.50%
		$602,990	

*Aion converted the debenture in the principal amount of $70,000 and outstanding interest of $8,170 at the conversion rate of $0.23 per share by issuing 339,869 common shares of Aion.

**Aion signed extension agreements with the lenders whereby the term of the debentures in the principal amounts of $42,000 and $490,990 were extended for an additional period up to June 6, 2025, on the same terms and conditions.

a. Aion shall pay the lenders the principal amount including accrued interest on or before the maturity dates. Aion may from time to time repay all or any part of the indebtedness without bonus or penalty.
b. Interest shall accrue on a daily basis and calculated from the date on which Aion receives the funding pursuant to the loan agreement.
c. At any time and from time to time, the lender has the right to convert any or all outstanding principal and interest into fully paid and non-assessable common shares of Aion at a conversion price of $0.23 per common share.

For financial reporting purposes, the debentures were separated into liability and equity components. Fair value of the liability component is first determined by discounting the face value and coupon interest to the present value of the inception date of the debentures. The effective interest rates for the liability components is 15%.The equity component related to the common shares conversion feature is then estimated by subtracting the fair value of the liability component from the gross proceeds of the debenture.

	Liability ($)	Total ($)
Balances, August 23, 2023 and 2024	-	-
Additions on acquisition of Aion Mining Corp.	567,333	567,333
Balances, February 28, 2025	**567,333**	**567,333**

9. CAPITAL STOCK

a) Authorized

Unlimited common and preferred shares without par value.

b) Share issuance details

Share capital transactions during the period ended February 28, 2025 were as follows:

- Issued 775,000 common shares from the exercise of warrants for proceeds of $480,800.
- Issued 125,000 common shares from the exercise of stock options for proceeds of $66,250 and transferred a fair value of $42,892 from reserves to share capital in relation to the exercise.
- Closed a non-brokered private placement comprising of 6,591,995 at $0.55 per unit for proceeds of $3,625,597. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at a price of $0.70 per share for a period of five years from the date of issuance. The Company paid finder's fees of $22,000 cash, 103,928 finder's warrants valued at $75,165 under the same terms, 63,928 shares valued at $35,160, and $19,036 of additional cash share issuance costs in relation to the financing.
- Issued 100,000 common shares at a fair value of $28,000 in connection with finder's fee agreement for the Company's Alotta property (Note 6).
- Issued 2,873,564 shares at a fair value of $3,160,920 for further acquisition in mining interest (Note 7).

Share capital transactions during the year ended August 31, 2024 were as follows:

- Issued 3,996,205 common shares from the exercise of warrants for proceeds of $1,218,013.
- Issued 350,000 common shares from the exercise of stock options for proceeds of $91,000 and transferred a fair value of $79,319 from reserves to share capital in relation to the exercise.
- Closed a non-brokered private placement comprising of 2,480,000 flow-through units ("FT Unit") at $0.25 per FT Unit for proceeds of $620,000 and 840,000 non-flow-through units ("NFT Unit") at $0.25 per NFT Unit for proceeds of $210,000. Each FT Unit consists of one flow-through common share and one non-flow-through share purchase warrant ("NFT Warrant"). Each NFT Warrant entitles the holder to acquire an additional non-flow-through common share of the Company at a price of $0.28 per share for a period of three years from the date of issuance. Each NFT Unit consists of one common share and one NFT Warrant which will enable the holder to purchase one common share of the Company at a price of $0.28 per share for a period of three years from the date of issuance. The Company paid $18,919 of cash share issuance costs in relation to the financing.
- Issued 1,159,167 common shares with a fair value of $776,642 to settle debt totalling $741,868 for a loss on settlement of debt in the amount of $34,775.
- Closed a private placement comprising of 8,352,750 units at $0.64 per unit for proceeds of $5,345,760. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at a price of $0.80 per share for a period of three years from the date of issuance. Upon closing of the private placement, the Company paid to the agent a cash commission of $305,746 and issued 500,727 non-transferrable compensation warrants exercisable at $0.64 for two years from the closing date at a fair value of $135,136 calculated using the Black Scholes Pricing Model. Each compensation warrant consists of one common share and one share purchase warrant of the Company. Each warrant entitles the holder to acquire an additional common share of the Company at a price of $0.80 per share for a period of three years from the date of issuance of the compensation warrants. The Company paid an additional $243,999 in cash share issuance costs in relation to the financing.
- Issued 100,000 common shares at a fair value of $52,000 in connection with finder's fee agreement for the Company's Alotta property (Note 6) of which $6,500 was recorded as an obligation to issue shares during the year ended August 31, 2023.

(Expressed in Canadian Dollars)

9. CAPITAL STOCK (CONTINUED)

b) Share issuance details (continued)

- Issued 200,000 common shares at a fair value of $96,000 in connection with a finder's fee agreement.
- Issued 3,111,186 shares at a fair value of $1,462,755 for an investment in associate (Note 7).
- Closed a non-brokered private placement comprising of 687,500 flow-through units ("FT Unit") at $0.80 per FT Unit for proceeds of $550,000. Each FT Unit consists of one flow-through common share and one non-flow-through share purchase warrant ("NFT Warrant"). Each NFT Warrant entitles the holder to acquire an additional non-flow-through common share of the Company at a price of $1.10 per share for a period of one year from the date of issuance. The Company paid $30,000 of cash share issuance costs in relation to the financing and 37,500 finder's warrant under the same terms at a fair value of $7,892 calculated using the Black Scholes Pricing Model.

c) Treasury shares

On December 13, 2023, the Company and Aion entered into a subscription agreement to acquire 20% interest in Aion. Pursuant to the agreement, Aion received 1,602,565 common shares of the Company at a price of $0.39 per share, for a total aggregate value of $625,000.

On April 15, 2024, the Company and Aion entered into a subscription agreement to acquire an additional 20% interest in Aion. Pursuant to the agreement, Aion received 1,508,621 common shares of the Company at a price of $0.55 per share, for a total aggregate value of $829,742.

On February 19, 2025, the Company and Aion entered into a subscription agreement to acquire an additional 20% interest in Aion. Pursuant to the agreement, Aion received 2,873,564 common shares of the Company at a price of $1.10 per share, for a total aggregate value of $3,160,920.

As at February 19, 2025 (the acquisition date), Aion had previously sold 20,000 shares of the Company. The remaining shares of 5,964,750 were valued at $6,561,225 on February 19, 2025.

As at February 28, 2025, Aion sold an additional 6,150 shares of the Company for proceeds of $6,089. As at February 28, 2025, Aion held 5,958,600 shares of the Company.

d) Stock options

The Company's plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares. No stock option granted under the plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

A summary of the Company's outstanding share purchase options and the changes during the period are presented below:

	Number of Options	Weighted Average Exercise Price ($)
Balance – August 31, 2023	5,299,210	0.50
Granted	4,790,000	0.29
Cancelled/expired	(1,575,105)	0.53
Exercised	(350,000)	0.26
Balance – August 31, 2024	8,164,105	0.40
Granted	5,675,000	0.71
Exercised	(125,000)	0.53
Cancelled/expired	(725,000)	0.51
Balance – February 28, 2025	12,989,105	0.53

(Expressed in Canadian Dollars)

9. CAPITAL STOCK (CONTINUED)

Number of Options outstanding	Exercise Price ($)	Expiry Date	Number of options exercisable
25,000	0.50	April 14, 2025*	25,000
444,105	0.25	July 22, 2025	444,105
1,300,000	0.26	November 1, 2025	1,300,000
1,550,000	0.59	February 18, 2026	1,550,000
980,000	0.44	February 21, 2027	980,000
2,250,000	0.26	November 1, 2028	2,250,000
375,000	0.53	January 22, 2029	375,000
390,000	0.64	June 3, 2029	390,000
2,500,000	0.48	September 4, 2029	2,500,000
3,175,000	0.89	February 10, 2030	3,175,000
12,989,105			12,989,105

*expired subsequent to February 28, 2025, unexercised

e) Stock-based compensation

During the period ended February 28, 2025, the Company granted 2,500,000 stock options at an exercise price of $0.48 per share and 3,175,000 stock options at an exercise price of $0.89 per share. The total stock-based compensation recognized on stock options granted during the period ended February 28, 2025 was $3,539,815.

During the year ended August 31, 2024, the Company granted 4,790,000 stock options at a weighted average exercise price of $0.29 per share. The total stock-based compensation recognized on stock options granted during the year ended August 31, 2024 was $1,242,995.

The weighted average fair value of each stock option granted during the period ended February 28, 2025 was $0.53 (year ended August 31, 2024 - $0.21), calculated using the Black-Scholes Option Pricing Model on the grant date using the following weighted average assumptions:

	Period ended February 28, 2025	Year ended August 31, 2024
Risk-free interest rate	2.78%	4.12%
Expected life of option	5 years	3.87 years
Expected dividend yield	0%	0%
Expected stock price volatility	133.65%	129.94%

f) Share purchase warrants

A summary of the Company's outstanding share purchase warrants and the changes during the period are presented below:

	Number of Warrants	Weighted Average Exercise Price ($)
Outstanding – August 31, 2023	8,530,706	0.38
Issued	12,360,250	0.68
Expired	(3,906,135)	0.50
Exercised	(3,996,205)	0.30
Outstanding – August 31, 2024	12,988,616	0.65
Granted	6,591,995	0.69
Exercised	(775,000)	0.62
Outstanding – February 28, 2025	18,805,611	0.68

(Expressed in Canadian Dollars)

9. CAPITAL STOCK (CONTINUED)

Expiry Date	Number of Warrants	Exercise Price ($)
June 27, 2025	687,500	1.10
July 14, 2025	1,033,366	0.20
November 1, 2026	2,655,000*	0.28
March 26, 2027	7,837,750	0.80
February 3, 2030	6,591,995	0.70
	18,805,611	

*100,000 warrants exercised subsequent to February 28, 2025 for proceeds of $28,000.

g) Finder's Warrants

A summary of the Company's outstanding finder's warrants and the changes during the period are presented below:

	Number of Warrants	Weighted Average Exercise Price ($)
Outstanding – August 31, 2023	-	-
Issued	538,227	0.67
Outstanding – August 31, 2024	538,227	0.67
Issued	103,928	0.70
Outstanding – February 28, 2025	642,155	0.68

Expiry Date	Number of Warrants	Exercise Price ($)
June 27, 2025	37,500	1.10
March 26, 2026	500,727*	0.64
February 3, 2030	103,928	0.70
	642,155	

*477,728 of the warrants are compensation warrants which consist of one common share and one share purchase warrant of the Company. Each warrant entitles the holder to acquire an additional common share of the Company at a price of $0.80 per share until March 26, 2027.

During the period ended February 28, 2025, the Company recognized $75,165 in share issuance costs for 103,928 finder's warrants issued in the year.

During the year ended August 31, 2024, the Company recognized $143,028 in share issuance costs for 538,227 finder's warrants issued in the year.

The weighted average fair value of the finder's warrant granted during the period ended February 28, 2025 and the year ended August 31, 2024 was calculated using the Black-Scholes Option Pricing Model on the grant date using the following weighted average assumptions:

	Period ended February 28, 2025	Year ended August 31, 2024
Risk-free interest rate	2.62%	4.15%
Expected life of option	5 years	1.93 years
Expected dividend yield	0%	0%
Expected stock price volatility	133.10%	134.37%

10. FLOW-THROUGH SHARE PREMIUM LIABILITY

During the year ended August 31, 2024, the Company issued two tranches of flow-through shares and estimated the value of the flow-through premium associated with those shares to be $Nil.

The Company is obligated to incur the qualifying expenditures by December 31, 2025. As at February 28, 2025, the Company satisfied its flow-through obligations.

11. RELATED PARTY TRANSACTIONS

During the period ended February 28, 2025, the Company incurred $90,000 (2024 - $42,000) in consulting fees from a company controlled by a director of the Company. As at February 28, 2025, $216,739 (August 31, 2024 - $18,257) was owing to this company.

During the period ended February 28, 2025, the Company incurred professional fees of $30,000 (2024 - $30,000) to a firm where an officer of the Company is a partner. As at February 28, 2025, $21,000 (August 31, 2024 - $5,250) was owing to this firm.

During the period ended February 28, 2025, the Company incurred exploration and evaluation expenses of $36,000 (2024 - $36,000) from a company controlled by the president of the Company. As at February 28, 2025, $35,600 (August 31, 2024 - $28,400) was owing to this company.

During the period ended February 28, 2025, the Company incurred consulting fees of $19,500 (2024 - $nil) to the VP Finance of the Company. As at February 28, 2025, $143,243 (August 31, 2024 - $5,250) was owing to the VP Finance of the Company.

During the period ended February 28, 2025, the Company incurred consulting fees of $45,000 (2024 - $nil) to the CEO and Director of the Company.

As at February 28, 2025, $179,809 (August 31, 2024 - $nil) was owing to the County Manager of Aion, $172,421 (August 31, 2024 - $nil) was owing to the CEO and Director of Aion and $50,748 (August 31, 2024 - $nil) was owing to a Director of Aion.

During the period ended February 28, 2025, the Company granted stock options to key management members valued at $1,978,767 (2024 - $589,229).

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets. The location of the Company's exploration and evaluation assets are disclosed in Note 6.

13. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the period.

14. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

The Company's financial instruments consist of cash, accounts payable and due to related parties. The fair value of all financial instruments approximate their carrying values. Cash is classified as fair value through profit and loss. Accounts payable and due to related parties are classified as amortized cost.

The Company's financial instrument is exposed to a number of risks that are summarized below:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due or can do so only at excessive cost. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities.

The Company's approach to managing liquidity is to ensure that it will always have sufficient cash to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions. The Company manages its liquidity risk by continuously monitoring cash flow requirements relating to its anticipated exploration and evaluation activities as well as general overhead requirements. Liquidity risk is assessed as high.

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances and amounts due from former director. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal. The Company is not exposed to interest rate fluctuations.

Commodity Price Risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's 60% owned Colombian subsidiary is exposed to currency risk as it incurs expenditures that are denominated in the Colombian Peso. The Company's former Mexican subsidiary was exposed to currency risk as it incurred expenditures that were denominated in Mexican Pesos and United States Dollars while its functional currency is the Canadian Dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

A 5% change in the foreign exchange rate would not have a material impact to the Company's net loss.

15. SUPPLMENTAL CASH FLOW INFORMATION

Non-cash investing and financing activities during the period ended February 28, 2025:

- Issued 2,873,564 shares at a fair value of $3,160,920 for further acquisition in mining interest (Note 6).
- Issued 100,000 common shares at a fair value of $28,000 in connection with finder's fee agreement for the Company's Alotta property (Note 6).
- Issued 63,928 common shares at a fair value of $35,160 and 103,928 finder's warrants at a fair value of $75,165 for finder's fees in connection with a private placement.
- Transferred a fair value of $42,892 from reserves to share capital on the exercise of stock options.

Non-cash investing and financing activities during the year ended August 31, 2024:

- Issued 3,111,186 shares at a fair value of $1,462,755 for an investment in associate.
- Issued 100,000 shares at a fair value of $52,000 for an exploration and evaluation asset of which $6,500 was previously recorded as an obligation to issue shares.
- Issued 200,000 shares at a fair value of $96,000 for finder's fees, recorded to stock-based compensation.
- Transferred a fair value of $79,319 from reserves to share capital on the exercise of stock options.
- Issued 538,227 finder's warrants at a fair value of $143,028.
- Recorded a fair value of $68,750 in the reserves related to the issuance of 687,500 warrants included in the flow-through units issuance closed on June 28, 2024.

16. SUBSEQUENT EVENTS

Subsequent to the period ended February 28, 2025, the Company entered into an anti-dilution agreement with Aion Mining Corp. and the other shareholders of Aion and has delivered notice, pursuant to the agreement, to acquire a further interest in Aion to bring the Company's total interest to 80%.

Anti-dilution agreement

The agreement protects the company's ownership in Aion from dilution due to any issuance of shares by Aion. Additionally, it grants the Company an option to acquire some or all of the remaining shares from Aion's other shareholders. To exercise this option, the Company must formally notify Aion and the shareholders, specifying the number of shares it intends to purchase.

Aion acquisition

Pursuant to the agreement, the Company has delivered notice to Aion and the Shareholders that it is exercising the option to purchase 3,963,807 shares from the shareholders, being a further 20% interest in Aion. Upon the completion of the proposed transaction, the Company will own 80% of common shares of Aion. In consideration, the Company will pay an aggregate amount of $2,299,008 to the shareholders, pro rata based on their share ownership consisting of:

- 1,741,804 common shares of the Company at a deemed price of $0.91 per share, subject to Canadian Securities Exchange policies;

- $713,966 paid through the issuance of an unsecured interest-bearing promissory note to each shareholder; each promissory note will bear interest at a rate of 6.5% calculated annually and mature on the earlier of the following: the two-year anniversary of the promissory note; or the completion date of one or more hard-dollar financings by the company for aggregate gross proceeds of at least $3,000,000.