ATCO MINING INC.

FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

Expressed in Canadian Dollars

Independent Auditor's Report

To the Shareholders of Atco Mining Inc.

Opinion

We have audited the financial statements of Atco Mining Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2023, and the statement of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on April 28, 2023.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 26, 2024

ATCO MINING INC.
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2023 and 2022
Expressed in Canadian Dollars

	December 31, 2023	**December 31, 2022**
	$	$
ASSETS		
Current Assets		
Cash	1,131,497	673,486
Prepaid expenses	127,624	168,602
Total current assets	1,259,121	842,088
Exploration and evaluation assets (Notes 4, 5 and 6)	562,912	415,829
TOTAL ASSETS	**1,822,033**	**1,257,917**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable (Note 6)	126,949	90,570
Accrued liabilities	35,049	6,000
TOTAL LIABILITIES	**161,998**	**96,570**
Equity		
Share capital (Note 5)	4,403,165	1,542,510
Share reserve (Note 5)	396,258	312,147
Deficit	(3,139,388)	(693,310)
TOTAL EQUITY	1,660,035	1,161,347
TOTAL EQUITY AND LIABILITIES	**1,822,033**	**1,257,917**

Nature and continuance of operations and going concern (Note 1)
Commitments (Note 8)
Subsequent events (Note 11)

Approved and authorized for issue on behalf of the Board on April 26, 2024

"Alex Klenman"
ALEX KLENMAN

"Brian Shin"
BRIAN SHIN

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

ATCO MINING INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2023 and 2022
Expressed in Canadian Dollars

	Years ended December 31, 2023	Years ended December 31, 2022
	$	$
EXPENSES		
Accounting and audit	25,000	53,560
Advertising and marketing	424,445	16,958
Bank charges	1,735	754
Consulting fees (Note 6)	1,049,371	148,183
Filing fees	28,240	49,335
Foreign exchange	14,397	-
Management and directors' fees (Note 6)	184,456	-
Office expenses	4,537	27,085
Professional fees	22,654	101,237
Share-based compensation (Notes 5 and 6)	379,275	268,675
Total expenses	(2,134,110)	(665,787)
OTHER ITEMS		
Impairment on exploration and evaluation assets (Note 4)	(331,456)	-
Write-off of accounts payable	19,488	-
Net loss and comprehensive loss for the year	(2,446,078)	(665,787)
Basic and diluted loss per share	(0.06)	(0.04)
Weighted average number of shares outstanding	37,923,018	17,253,829

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

ATCO MINING INC.
STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2023 and 2022
Expressed in Canadian Dollars

	Number of shares	Share capital	Share reserve	Deficit	Total equity
		$	$	$	$
Balances, December 31, 2021	**14,900,001**	**429,829**	**-**	**(27,523)**	**402,306**
Shares issued for cash (Note 5)	10,000,000	1,000,000	-	-	1,000,000
Share issuance cost (Note 5)	-	(177,399)	60,849	-	(116,550)
Shares issued for mineral property acquisition (Notes 4 and 5)	1,300,000	247,000	-	-	247,000
Exercise of warrants (Note 5)	257,024	43,080	(17,377)	-	25,703
Share-based compensation (Notes 5 and 6)	-	-	268,675	-	268,675
Net loss for the period	-	-	-	(665,787)	(665,787)
Balances, December 31, 2022	**26,457,025**	**1,542,510**	**312,147**	**(693,310)**	**1,161,347**

	Number of shares	Share capital	Share reserve	Deficit	Total equity
		$	$	$	$
Balances, December 31, 2022	**26,457,025**	**1,542,510**	**312,147**	**(693,310)**	**1,161,347**
Shares issued for cash (Note 5)	18,442,500	2,247,000	-	-	2,247,000
Shares issued for RSU (Note 5)	800,000	182,000	(182,000)	-	-
Shares issued for mineral property acquisition (Notes 4 and 5)	2,550,000	153,750	-	-	153,750
Share issuance cost (Note 5)	-	(80,884)	19,990	-	(60,864)
Exercise of options (Note 5)	1,335,000	355,504	(131,829)	-	223,675
Exercise of warrants (Note 5)	19,600	3,285	(1,325)	-	1,960
Share-based compensation (Notes 5 and 6)	-	-	379,275	-	379,275
Net loss for the year	-	-	-	(2,446,078)	(2,446,078)
Balances, December 31, 2023	**49,604,125**	**4,403,165**	**396,258**	**(3,139,388)**	**1,660,035**

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

ATCO MINING INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
Expressed in Canadian Dollars

	December 31, 2023	**December 31, 2022**
	$	$
OPERATING ACTIVITIES		
Net loss for the year	(2,446,078)	(665,787)
Non-cash items		
Impairment on exploration and evaluation assets	331,456	-
Share-based compensation	379,275	268,675
Write-off of accounts payable	(19,488)	-
Changes in working capital items:		-
Prepaid expense	40,978	(158,602)
Accounts payable	(51,125)	67,598
Accrued liabilities	29,049	6,000
Cash used in operating activities	(1,735,933)	(482,116)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(217,797)	(49,048)
Cash used in investing activities	(217,797)	(49,048)
FINANCING ACTIVITIES		
Shares issued for cash	2,247,000	1,000,000
Share issue costs	(60,894)	(116,550)
Exercise of warrants	1,960	25,702
Exercise of options	223,675	-
Cash from financing activities	2,411,741	909,152
Change in cash	458,011	377,988
Cash, beginning of the year	673,486	295,498
Cash, end of the year	**1,131,497**	**673,486**

Supplemental cash flow information (Note 9).

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

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Atco Mining Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia on January 28, 2021. The address of the Company's corporate office and its principal place of business is 2200 - 885 West Georgia Street Vancouver BC, V6C 3E8.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties.

On September 19, 2022, the Company change its name from EV Ventures Inc. to Atco Mining Inc.

On October 25, 2022, the Company completed its Initial Public Offering ("IPO"). The Company's shares are listed on the Canadian Securities Exchange (the "CSE") under the trading symbol "ACTM".

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at December 31, 2023, the Company has not generated revenue or cash flow from operations to adequately fund its activities and therefore relies principally upon the support of issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. These factors form a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The carrying value of the Company's exploration and evaluation assets do not reflect current or future values. The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The Company has no source of operating revenue and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors, which include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN (continued)

Although these financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's recoverability of assets, classification of assets and liabilities, and results of operations should the Company be unable to continue as a going concern. Such adjustments could be material.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand the financial statements.

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS") as issued by the International Accounting Standards Board (“IASB”).

These financial statements were approved by the Board of Directors of the Company on April 26, 2024.

Basis of presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The presentation and functional currency of the Company is the Canadian dollar.

Certain amounts for the prior year may have been reclassified to conform to the presentation in the current year.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant accounting estimates and judgments

Use of estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, and contingent liabilities.

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

Share-based payments

The Company has an equity-settled share-based program for directors, officers, employees and consultants. Management determines values for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and for stock-based compensation, future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain, and any changes in these assumptions affect the fair value estimates.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company has disclosed a material uncertainty regarding going concern in Note 1 which requires the use of management's judgment on the ability of the Company to continue its operations and to develop or acquire a self-sustaining business or assets.

While management believes judgements and the estimates are reasonable, actual results could differ from those judgements and estimates and could impact future results of operations and cash flows.

Exploration and evaluation assets

Pre-exploration costs are expensed are as incurred. Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment and transferred to mining assets and amortized over the estimated useful life of the mining assets following commencement of commercial production.

If it is determined that capitalized acquisition, exploration, and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation assets are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

The costs include cash or other consideration and the fair value of shares issued, if any, on the acquisition of exploration and evaluation assets. Costs related to properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Exploration and evaluation assets (continued)

Company, are recorded in the accounts at such time as the payments are made. The Company does not accrue estimated future costs of maintaining its exploration and evaluation assets in good standing.

Capitalized costs as reported on the statements of financial position represent costs incurred to date and may not reflect actual, present, or future values. Recovery of carrying value is dependent upon future commercial success or proceeds from disposition of the exploration and evaluation property interests.

Management assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Write-downs due to impairment in value are charged to profit or loss.

General exploration costs not related to specific properties and general administrative expenses are charged to profit or loss in the period in which they are incurred.

Impairment of assets

The carrying amount of the Company's assets (which include exploration and evaluation interests) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Share-based compensation

The Company grants share purchase options and restricted share units 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 like those performed by an employee. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of the stock options is determined using the Black-Scholes Option Pricing Model. The fair value of stock options is recognized to expense over the vesting period.

Consideration paid for the shares on the exercise of share purchase options is credited to share capital.

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.

The value of compensatory warrants granted to agents in a private placement is determined using the Black-Scholes Option Pricing Model. The fair value of these compensatory warrants is recognized as share issuance costs, with the offsetting credit to reserves.

Basic and diluted loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. This calculation proved to be anti-dilutive for the periods presented.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of financial assets and liabilities:

Financial assets/liabilities	Classification
Cash	FVTPL
Accounts payable	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

(iii) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are recognized in profit or loss.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Valuation of equity units issued in private placements

The Company has adopted a 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.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and accounts payable.

Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash is determined using level 1 of the fair value hierarchy. The carrying values of the accounts payable approximate their fair values due to the expected maturity of these financial instruments.

Financial instrument risk exposure and risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial instrument risk exposure and risk management (continued)

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk is limited to cash. The Company manages credit risk, in respect of cash, by placing its cash with a major Canadian financial institution in accordance with the Company's investment policy.

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is considered moderate.

The maximum exposure to credit risk is equal to the fair value or carrying value of cash.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company’s liquidity risk is considered high.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and commodity price risk.

i. <u>Interest rate risk</u>

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Some of the Company’s accounts payable are subject to interest on unpaid balances. Additionally, the Company holds cash balances in an interest-bearing bank account. The interest rate risk is considered minimal.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial instrument risk exposure and risk management (continued)

ii. Commodity price risk

Commodity price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company actively monitors commodity price changes and stock market prices to determine the appropriate course of action to be taken by the Company. Commodity price risk is minimal.

iii. Foreign Currency Risk

The functional currency of the Company is the Canadian dollar. As of December 31, 2023, the Company had no financial assets and liabilities that are subject to currency translation risk. As at December 31, 2023, the Company had negligible financial assets or liabilities denominated in a foreign currency. Foreign currency risk is assessed to be minimal.

4. EXPLORATION AND EVALUATION ASSETS

The Company incurred the following exploration and evaluation costs related to the May Lake and Salt Properties (Newfoundland and Labrador project) and Flat Bay Project.

4. EXPLORATION AND EVALUATION ASSETS (continued)

During the years ended December 31, 2023 and 2022, the Company incurred the following exploration and evaluation costs related to the mineral properties:

	May Lake	Salt Properties	Flat Bay Project	Total
	$	$	$	$
ACQUISITION COST				
Balance, December 31, 2022	**70,000**	**247,000**	-	**317,000**
Cash payments	-	-	20,000	20,000
Shares issued (Note 5)	-	101,250	52,500	153,750
Balance, December 31, 2023	**70,000**	**348,250**	**72,500**	**490,750**
EXPLORATION AND EVALUATION COSTS				
Balance, December 31, 2022	**49,781**	**49,048**	-	**98,829**
Administration	-	21,927	-	21,927
Claim maintenance	-	6,008	-	6,008
Geological (Note 6)	-	71,520	52,500	124,020
Surveying	-	152,834	-	152,834
Total deferred exploration costs for the year	**49,781**	**301,337**	**52,500**	**403,618**
Impairment	(119,781)	(211,675)	-	(331,456)
Balance, December 31, 2023	-	**437,912**	**125,000**	**562,912**

4. EXPLORATION AND EVALUATION ASSETS (continued)

	May Lake	Salt Properties	Total
	$	$	$
ACQUISITION COST			
Balance, December 31, 2021	**99,000**	-	**99,000**
Reverse accrued payments	(29,000)	-	(29,000)
Shares issued (Note 5)	-	247,000	247,000
Balance, December 31, 2022	**70,000**	**247,000**	**317,000**
EXPLORATION AND EVALUATION COSTS			
Balance, December 31, 2021	**49,781**	-	**49,781**
Administration	-	1,250	**1,250**
Claim maintenance	-	6,428	**6,428**
Geological	-	1,525	**1,525**
Staking	-	39,845	**39,845**
Total deferred exploration costs for the year	**49,781**	**49,048**	**98,829**
Balance, December 31, 2022	**119,781**	**296,048**	**415,829**

May Lake Mineral Property

On May 1, 2021, the Company signed a mineral property acquisition agreement to purchase a 100% interest in the May Lake Mineral Property ("May Lake") located in the Province of Saskatchewan, Canada. Under the terms of the agreement, the Company must issue 400,000 common shares (issued with fair value of $20,000), pay $50,000 in cash (paid) and spend a total of $30,000 on exploration on or before June 30, 2021 (spent).

After earning a 100% interest in the property, the Company shall pay the optionor a net smelter returns royalty ("NSR") of 2%, provided the Company may purchase 1/2 of the NSR for total consideration of $1,000,000 subject to certain conditions. Following the exercise of the option, and in addition to the NSR, the Company shall pay to the optionor the bonus of $1,000,000 upon the publication of a geological report, in the form prescribed by NI 43-101, disclosing a measured and indicated resource within the boundaries of the May Lake Property of at least 1,000,000 gold equivalent ounces. At the discretion of the Company, the bonus will be payable in cash or common shares, or any combination thereof.

During the year ended December 31, 2023, the Company decided not to pursue the project and recognized an impairment loss of $119,781.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Salt Properties (Newfoundland and Labrador Project)

On March 9, 2022, the Company signed a mineral property agreement to purchase 100% interest in the Newfoundland and Labrador Project Mineral Property located in the Province of Newfoundland and Labrador, Canada. Under the terms of the agreement, the Company must:

(a) Issue 600,000 consideration shares on the Effective date (issued with a fair value of $30,000 (Note 5));

(b) 1,200,000 Consideration Shares on the 14-month anniversary of the date the common shares of the Purchaser are listed for trading on the Canadian Securities Exchange (the "Listing Date") (issued with a fair value of $54,000 (Note 5));

(c) 600,000 Consideration Shares on the 18-month anniversary of the Listing date; and

(d) 600,000 Consideration Shares on the 24-month anniversary of the Listing date.

Following the completion of the issuance of the consideration shares, and exercise of the option in full, the Company shall be the beneficial owner of the claims, subject to a 2% on returns from commercial production of minerals from the property. One half of the NSR may be purchased by the Company through a cash payment of $1,000,000.

The Salt properties are comprised of the following projects:

<u>Lunar North Project</u>

On November 3, 2022, the Company acquired the Lunar North project which consists of 16 claims.

<u>Blue Moon Project</u>

On November 3, 2022, the Company acquired the Blue Moon project which consists of 9 claim which are located southwest of the Lunar North Project.

During the year ended December 31, 2023, the Company decided not to pursue the Lunar North and Blue Moon projects and recognized an impairment loss of $170,830.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Salt Properties (Newfoundland and Labrador Project) (continued)

<u>Apollo Project</u>

On November 9, 2022, the Company acquired the Apollo project which consists of 93 mining claims by staking.

During the year ended December 31, 2023, the Company decided not to pursue the project and recognized an impairment loss of $40,845.

<u>Eagle Salt Project</u>

On November 22, 2022, the Company acquired the Eagle salt project, which consists of 423 mining claims by staking.

<u>Adonis Project</u>

On December 6, 2022, the Company staked the Adonis Project which consists of 90 claims.

<u>Rocky Salt Project</u>

On December 13, 2022, the Company acquired the Rocky Salt Project.

The project was acquired from certain vendors pursuant to the terms of a mineral property acquisition agreement. In consideration for the project, the Company will issue an aggregate of 700,000 common shares (issued with a fair value of $217,000 (Note 5)) and will issue an additional 1,050,000 common shares (issued with a fair value of $47,250 (Note 5)) on the 12-month anniversary of closing. All common shares issued in connection with the acquisition of the project are subject to a statutory hold period for four-months-and-one-day following issuance.

As further consideration for the acquisition of the project, the company has granted the vendors a 2% NSR on commercial production from the project. One-half of the NSR may be purchased by the company at any time for a cash payment of $1,000,000.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Flat Bay Project

On April 24, 2023, the Company entered into a mineral property acquisition agreement to acquire a project on the west coast of Newfoundland. The Flat Bay project, will be 100% owned by the Company upon completion of the acquisition. The project consists of 1 licence.

The definitive agreement was entered into with Voa Exploration Inc., a private corporation existing under the laws of the Province of British Columbia. Pursuant to the definitive agreement, the Company agreed to purchase the project for and in consideration of the issuance of 700,000 common shares in the capital of the Company, and a one-time cash payment of $20,000 (paid). Upon closing of the acquisition, 300,000 consideration shares will be issued (issued with a fair value of $52,500 (Note 5)) to the vendor along with the consideration payment, with a further 200,000 consideration shares issued on or before the 12-month anniversary of the closing date (issued subsequent to the year ended (Note 11), and the final 200,000 consideration shares issued on or before the 24-month anniversary of the closing date.

Following issuance of the consideration shares, the Company will grant a 2% NSR on returns from the commercial production of minerals from the project. The royalty shall be freely assignable, upon written notice to the purchaser, and one-half (1%) of the NSR may be purchased at any time for a cash payment of $1,500,000.

5. SHARE CAPITAL

Share Capital

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

(b) As at December 31, 2023, the Company has 49,604,125 (2022: 26,457,025) common shares issued and outstanding.

During the year ended December 31, 2023:

i. In January 2023, 19,600 common shares were issued for warrants exercised for gross proceeds of $1,960 and 355,000 common shares were issued for options exercised for gross proceeds of $101,175.

5. SHARE CAPITAL (continued)

Share Capital (continued)

ii. On March 7, 2023, the Company closed a non-brokered private placement of 6,712,500 units of the Company at a price of $0.16 per unit for gross proceeds of $1,074,000. Each unit consists of one common share of the Company and one transferable common share purchase warrant, entitling the holder thereof to purchase one additional share at a price of $0.24 until March 7, 2026. In connection with the private placement, the Company paid $27,580 of share issuance costs.

iii. On April 5, 2023, 400,000 common shares were issued at a fair value of $88,000 in connection with the vesting of 400,000 restricted share units.

iv. On May 4, 2023, 200,000 common shares were issued at a fair value of $48,000 in connection with the vesting of 200,000 restricted share units.

v. On May 9, 2023, the Company issued 300,000 common shares at a fair value of $52,500 as partial consideration for the Flat Bay Project (Note 4).

vi. On June 26, 2023, 980,000 common shares were issued for options exercised for gross proceeds of $122,500.

vii. On August 16, 2023, the Company closed a non-brokered private placement and issued 11,730,000 units at a price of $0.10 per unit for gross proceeds of $1,173,000. Each unit consists of one common share of the company and one transferable common share purchase warrant, entitling the holder thereof to purchase one additional share at a price of $0.15 until August 15, 2025. In connection with the private placement, the Company paid $33,314 of share issuance costs and issued 264,000 finders' warrants with a fair value of $19,990.

viii. On December 8, 2023, 200,000 common shares were issued at a fair value of $46,000 in connection with the vesting of 200,000 restricted share units.

ix. On December 13, 2023, the Company issued 1,050,000 common shares at a fair value of $47,250 as partial consideration for the Rocky Salt Project, part of the Company's Salt Properties (Note 4).

x. On December 22, 2023, the Company issued 1,200,000 common shares at a fair value of $54,000 as partial consideration for the Salt Properties (Note 4).

5. SHARE CAPITAL (continued)

Share Capital (continued)

During the year ended December 31, 2022:

i. On March 9, 2022, the Company issued 600,000 common shares at a fair value of $30,000 as partial consideration for the Salt Properties (Note 4).

ii. On October 25, 2022, the Company completed its initial public offering ("IPO") and issued 10,000,000 common shares were issued at a purchase price of $0.10 per common share for gross proceeds of $1,000,000. The Company paid issuance costs of $55,701 and issued 900,000 agents' warrants with a fair value of $60,849.

iii. In November and December 2022, the agents exercised 257,024 warrants for 257,024 common shares for gross proceeds of $25,703.

iv. On December 20, 2022, 700,000 common shares were issued at a fair value of $217,000 as partial consideration for the Rocky Salt Project, part of the Company's Salt Properties (Note 4).

Warrants

During the year ended December 31, 2023:

In connection with the private placement held on March 7, 2023, the Company issued 6,712,500 transferable common share purchase warrant to purchase one additional common share at a price of $0.24 until March 7, 2026. Under the residual method, warrants issued attached to the private placement units was valued at $nil.

In connection with the private placement held on August 16, 2023, the Company issued 11,994,000 transferable common share purchase warrant, including 264,000 finders' warrants, entitling the holder thereof to purchase one additional common share at a price of $0.15 until August 15, 2025. Under the residual method, the 11,730,000 warrants issued attached to the private placement units was valued at $nil. The fair value of 264,000 finders' warrants of $19,990 was calculated using Black-Scholes Option Pricing Model with the following assumptions: stock price – $0.105; exercise price – $0.150; expected life – two years; volatility – 164%; dividend yield – $nil; and risk-free rate – 4.82%.

5. SHARE CAPITAL (continued)

Warrants (continued)

During the year ended December 31, 2022:

In connection with the IPO completed on October 25, 2022, the Company issued 900,000 non-transferable agents' warrants, with each warrant exercisable for one common share at a price of $0.10 until October 25, 2024. The fair value of the warrants of $60,849 was calculated using Black-Scholes Option Pricing Model with the following assumptions: stock price – $0.10; exercise price – $0.10; expected life – two years; volatility – 135.51%; dividend yield – $nil; and risk-free rate – 4.23%.

A summary of warrants activity is:

	Number of warrants	Weighted Average Exercise Price	Weighted Average outstanding share options life (years)
		$	
Balance, December 31, 2021	-	-	-
Issued	900,000	0.10	0.82
Exercised	(257,024)	0.10	0.82
Balance, December 31, 2022	642,976	0.10	0.82
Issued	18,706,500	0.18	1.82
Exercised	(19,600)	0.10	0.82
Balance, December 31, 2023	19,329,876	0.18	1.79

Details of warrants outstanding are:

Expiry date	Exercise price	Number Outstanding	Outstanding life (years)
	$		
October 25, 2024	0.10	623,376	0.82
August 15, 2025	0.15	11,994,000	1.62
March 7, 2026	0.24	6,712,500	2.18
		19,329,876	1.79

5. SHARE CAPITAL (continued)

Share Purchase Options

The Company has adopted a Stock Option Plan under which the aggregate number of shares that may be issued pursuant to the exercise of the stock options awarded under the Stock Option Plan and all other security-based compensation arrangements of the Company shall not exceed 10% of the issued and outstanding Shares at any given time.

During the year ended December 31, 2023:

i. On February 1, 2023, the Company granted 200,000 stock options to purchase common shares of the company to a consultant. The options vest immediately and are exercisable until February 1, 2025 at a price of $0.25 per option share. The fair value of $31,296 of the stock options granted was calculated using Black-Scholes Option Pricing Model with the following assumptions: stock price - $0.23; exercise price - $0.25; expected life – 2 years; volatility – 143.87%; dividend yield – $nil; and risk-free rate – 4.09%.

ii. On February 14, 2023, the Company granted 200,000 stock options to purchase common shares of the company to an officer. The options vest immediately and are exercisable until February 14, 2025 at a price of $0.25 per option share. The fair value of $28,788 of the stock options granted was calculated using Black-Scholes Option Pricing Model with the following assumptions: stock price - $0.215; exercise price - $0.25; expected life – 2 years; volatility – 141.27%; dividend yield – $nil; and risk-free rate – 4.09%.

iii. On June 13, 2023, the Company granted 980,000 stock options to purchase common shares to its directors, officers and consultants of the Company. The options vest immediately and are exercisable at a price of $0.125 per option share until June 13, 2024. The fair value of $68,100 of the stock options granted was calculated using Black-Scholes Option Pricing Model with the following assumptions: stock price - $0.12; exercise price - $0.125; expected life – 1 year; volatility – 169.69%; dividend yield – $nil; and risk-free rate – 4.52%.

During the year ended December 31, 2022:

i. On November 14, 2022, the Company granted 1,000,000 options to directors, officers and consultants of the Company. The stock options are exercisable for a period of 3 years at a price of $0.20 per share. The stock options vested immediately. The fair value of $135,000 of the stock options granted was calculated using Black-Scholes Option Pricing Model with the following assumptions: stock price - $0.18; exercise price - $0.20; expected life – 3 years; volatility – 133.03%; dividend yield – $nil; and risk-free rate – 3.96%.

5. SHARE CAPITAL (continued)

Share Purchase Options (continued)

ii. On November 28, 2022, the Company granted 200,000 options to a director of the Company. The stock options are exercisable for a period of 3 years at a price of \$0.20. The stock options vested immediately. The fair value of \$30,604 of the stock options granted was calculated using Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.20; exercise price - \$0.20; expected life – 3 years; volatility – 133.03%; dividend yield – \$nil; and risk-free rate – 3.96%.

iii. On December 20, 2022, the Company granted 100,000 options to a consultant of the Company. The stock options are exercisable for a period of 2 years at a price of \$0.31. The stock options vested immediately. The fair value of \$22,000 of the stock options granted was calculated using Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.31; exercise price - \$0.31; expected life – 2 years; volatility – 145.70%; dividend yield – \$nil; and risk-free rate – 4.23%.

iv. On December 28, 2022, the Company granted 355,000 options to a consultant of the Company. The stock options are exercisable for a period of 2 years at a price of \$0.285. The stock options vested immediately. The fair value of \$62,162 of the stock options granted was calculated using Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.255; exercise price - \$0.285; expected life – 2 years; volatility – 145.70%; dividend yield – \$nil; and risk-free rate – 4.23%.

Volatility inputs to the Black-Scholes Option Pricing Models above were determined by reference to similar entities to the Company. The effects of early exercise on the expected life were assumed to be nil.

5. SHARE CAPITAL (continued)

Share Purchase Options (continued)

A summary of share options activity is:

	Number of share purchase options	Weighted Average Exercise Price	Weighted Average outstanding share options life (years)
		$	
Balance, December 31, 2021	-	-	-
Granted	1,655,000	0.22	2.44
Balance, December 31, 2022	1,655,000	0.22	0.82
Granted	1,380,000	0.16	1.12
Cancelled	(200,000)	0.20	1.87
Exercised	(1,335,000)	0.17	0.99
Balance, December 31, 2023	1,500,000	0.22	1.61

Details of share options outstanding are:

Expiry date	Exercise price	Number Outstanding	Number Exercisable	Outstanding life (years)
	$			
November 14, 2025	0.20	800,000	800,000	1.87
November 28, 2025	0.20	200,000	200,000	1.91
December 20, 2024	0.31	100,000	100,000	0.97
February 1, 2025	0.25	200,000	200,000	1.09
February 14, 2025	0.25	200,000	200,000	1.13
	0.22	1,500,000	1,500,000	1.61

Restricted Share Units

The Company has a Restricted Share Unit (RSU) Plan that allows for the granting of RSU’s to eligible officers, employees, directors and consultants. The maximum number of shares issuable shares under the RSU Plan at any one time, combined with the grant of options under the Company’s Stock Option Plan, is 2,500,000. The maximum RSU term is 10 years.

During the year ended December 31, 2023 and 2022, the Company granted the following RSU’s. Each RSU represents the right to receive, upon vesting, one common share of the Company.

5. SHARE CAPITAL (continued)

Restricted Share Units (continued)

During the year ended December 31, 2023:

On January 3, 2023, the Company granted 200,000 RSU’s to a consultant as compensation for ongoing services rendered to the Company. Each RSU represents the right to receive, upon vesting, on common share of the Company. The RSUs granted by the Company vested on May 4, 2023. The Company valued the RSUs the price of $0.24. During the year ended December 31, 2023, the Company recorded $48,000 of share-based compensation.

On February 1, 2023, the Company granted 200,000 RSU’s to a consultant as compensation for ongoing services rendered to the Company. Each RSU represents the right to receive, upon vesting, on common share of the Company. The RSUs granted by the Company vested on June 2, 2023. The Company valued the RSUs the price of $0.23. During the year ended December 31, 2023, the Company recorded $46,000 of share-based compensation.

On February 14, 2023, the Company granted 400,000 RSU’s to consultants as compensation for ongoing services rendered to the Company. Each RSU represents the right to receive, upon vesting, on common share of the Company. The RSUs granted by the Company vested on June 15, 2023. The Company valued the RSUs the price of $0.22. During the year ended December 31, 2023, $88,000 in compensation cost was recognized.

During the year ended December 31, 2022:

On December 5, 2022, the Company granted 400,000 RSU’s to directors of the Company as compensation for ongoing services rendered to the Company. Each RSU represents the right to receive, upon vesting, one common share of the Company. The RSUs granted by the Company vested on April 5, 2023. The Company valued the RSUs the price of $0.22. During the year ended December 31, 2023, the Company recorded $69,091 (2022 - $18,909) of share-based compensation.

Escrow shares

As at December 31, 2023, there were 1,200,000 (2022 – nil) shares held in escrow.

6. KEY MANAGEMENT COMPENSATION AND RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), and companies controlled by directors and key officers of the Company.

	Year ended December 31, 2023	**Year ended December 31, 2022**
	$	$
Consulting fees	278,500	-
Management and directors' fees	183,806	-
Exploration and evaluation costs (Note 4)	19,525	-
Share-based compensation (Note 5)	114,904	157,509
Total key management compensation	**596,735**	**157,509**

As at December 31, 2023, $14,974 (2022 - $nil) was due to key management and is included in accounts payable. The amounts due bear no interest and are due on demand.

7. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

7. CAPITAL MANAGEMENT (continued)

There were no changes in the Company's approach to capital management during the year ended December 31, 2023. The Company is not subject to externally imposed capital requirements.

8. COMMITMENT

The Company is committed to the issuance of shares and exploration expenditures as described in Note 4.

9. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2023:

The Company issued 2,550,000 common shares with a fair value of $153,750 for mineral properties acquisitions (Notes 4 and 5).

As at December 31, 2023, there was $106,992 of exploration and evaluation expenditures in accounts payable.

During the year ended December 31, 2023, the Company paid non-cash share-based compensation of $379,275.

During the year ended December 31, 2022:

On March 9, 2022 and December 20, 2022, the Company issued 1,300,000 common shares with a fair value of $247,000 for mineral properties acquisitions (Notes 4 and 5).

During the year ended December 31, 2022, the Company paid non-cash share-based compensation of $268,675.

10. INCOME TAXES

A reconciliation of the provision for income taxes is as follows:

	2023	2022
	$	$
Loss before income taxes	2,446,078	665,787
Combined federal and provincial statutory income tax rate	27%	27%
Recovery of income taxes based on combined tax rate	660,441	179,762
Add (deduct):		
Expenses deductible for tax purposes	16,441	7,113
Expenses not deductible for tax purposes	(102,405)	(72,542)
Tax effect of losses not recognized	(574,477)	(114,333)
Provision for income taxes	-	-

The Company's deferred income tax assets and liabilities arise from the following items:

	2023	2022
	$	$
Deferred tax assets arising from:		
Exploration and evaluation assets	89,493	-
Deductible share issue costs	32,384	26,344
Losses deductible against future taxable income	601,528	122,584
Net deferred tax assets	723,405	148,928
Valuation allowance	(723,405)	(148,928)
Deferred tax assets recognized	-	-

The Company has not recognized a deferred tax asset in respect of non-capital loss carry forwards of approximately $2,227,883 which may be carried forward to apply against future income tax for Canadian income tax purposes, subject to the final determination of taxation authorities expiring in the following years:

Expiry	$
2041	30,557
2042	423,456
2043	1,773,870
Total	**2,227,883**

11. SUBSEQUENT EVENTS

On February 16, 2024, the Company has signed a definitive option agreement, to acquire up to a 75% interest in the Atlantic uranium project (“Project”), located in the eastern Athabasca basin of Northern Saskatchewan.

Pursuant to the Option Agreement, the Company has been granted the option to earn a 75% interest over three years in the Project. The option is exercisable by the Company completing cash payments, arranging for the issuance of common shares to the optionor and incurring exploration expenditures on the Project, summarized as follows:

	Consideration payments	Consideration shares	Exploration expenditures	Operator fee (10-12%)
	$		$	$
On signing	110,000	3,000,000	-	-
Year 1	120,000	6,000,000	1,300,000	130,000
Year 2	200,000	6,000,000	2,000,000	240,000
Year 3	-	-	3,000,000	360,000
Total	430,000	15,000,000	6,300,000	730,000

On March 18, 2024, the Company closed the first tranche of its non-brokered private placement and issued 6,200,000 flow-through units (“FT”) at a price of $0.0575 per FT unit and 10,760,000 non-flow-through units (“NFT”) at a price of $0.05 per NFT unit for gross proceeds of $894,500. Each unit consists of one common share of the company and one transferable common share purchase warrant, entitling the holder thereof to purchase one additional share at a price of $0.15 until March 18, 2026.

In connection with closing of the offering, the Company paid finders' fees totaling $4,790 and issued 94,000 warrants.

On April 11, 2024, the Company closed the final tranche of its non-brokered private placement and issued 3,635,463 NFT at a price of $0.05 per NFT for gross proceeds of $181,773. Each NFT consists of one common share of the Company and one transferable common share purchase warrant, entitling the holder to purchase one additional common share at a price of $0.15 until April 11, 2026.

On April 24, 2024, the Company issued 200,000 common shares in relation to the Flat Bay Project (Note 4).