SUPERNOVA METALS

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended

December 31, 2024 and 2023

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Supernova Metals Corp.

We have audited the consolidated financial statements of Supernova Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion
We conducted our audits 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 Consolidated 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 consolidated 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 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty 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.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated 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 of our report, we have determined that there are no 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 the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of 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 Lonny Wong.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

March 14, 2025

SUPERNOVA METALS CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2024	December 31, 2023
	($)	**($)**
ASSETS		
Current assets		
Cash	34,514	95,863
Receivables	2,894	2,108
Prepaids and deposits (Note 4)	1,650	–
	39,058	97,971
Exploration and evaluation assets (Note 4)	495	–
Reclamation bond	–	4,390
	39,553	102,361
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Notes 5 and 6)	88,007	58,731
	88,007	58,731
Shareholders' equity (deficiency)		
Share capital (Note 7)	7,873,689	7,753,689
Reserves (Note 7)	628,733	590,354
Deficit	(8,550,876)	(8,300,413)
	(48,454)	43,630
	39,553	102,361

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 11)

On behalf of the Board:

"Ken Brophy"

Ken Brophy – Director

"Sean McGrath"

Sean McGrath – Director

SUPERNOVA METALS CORP.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
	($)	**($)**
Expenses		
Consulting fees (Note 6)	–	20,000
General and administrative	11,737	16,388
Management fees (Note 6)	120,000	120,000
Professional fees	38,282	40,209
Transfer agent and filing fees	14,500	14,633
	(184,519)	(211,230)
Other income (expense)		
Gain on disposal of short-term investments	–	4,689
Impairment of exploration and evaluation assets	–	(1)
Loss on debt settlement (Note 7)	(68,379)	–
Other income	2,435	–
Unrealized loss on short-term investments	–	(10,000)
	(65,944)	(5,312)
Net loss and comprehensive loss	(250,463)	(216,542)
Loss per share:		
Basic	(0.02)	(0.02)
Diluted	(0.02)	(0.02)
Weighted average common shares outstanding:		
Basic	14,976,784	12,103,841
Diluted	14,976,784	12,103,841

SUPERNOVA METALS CORP.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)

	Share capital		Reserves				
	Number of Shares	**Amount**	**Options**	**RSUs**	**Warrants**	**Deficit**	**Total**
		($)	**($)**	**($)**	**($)**	**($)**	**($)**
Balance, December 31, 2022	11,345,148	7,557,305	400,825	30,000	159,529	(8,083,871)	63,788
Unit issuance – private placement	3,076,923	200,000	–	–	–	–	200,000
Share issuance costs	–	(3,616)	–	–	–	–	(3,616)
Net loss for the year	–	–	–	–	–	(216,542)	(216,542)
Balance, December 31, 2023	14,422,071	7,753,689	400,825	30,000	159,529	(8,300,413)	43,630
Exercise of RSUs	75,000	30,000	–	(30,000)	–	–	–
Exercise of share purchase warrants	900,000	90,000	–	–	–	–	90,000
Extension of share purchase warrants	–	–	–	–	68,379	–	68,379
Net loss for the year	–	–	–	–	–	(250,463)	(250,463)
Balance, December 31, 2024	15,397,071	7,873,689	400,825	–	227,908	(8,550,876)	(48,454)

SUPERNOVA METALS CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
	($)	($)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the year	(250,463)	(216,542)
Items not affecting cash:		
Impairment of exploration and evaluation assets	–	1
Gain on disposal of short-term investments	–	(4,689)
Loss on debt settlement	68,379	–
Unrealized loss on short-term investments	–	10,000
Changes in non-cash working capital items:		
Receivables	(786)	1,733
Prepaids and deposits	(1,650)	–
Accounts payable and accrued liabilities	119,276	41,138
	(65,244)	(168,359)
INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(495)	–
Proceeds from disposal of short-term investments	–	30,523
Reclamation bond refund	4,390	645
	3,895	31,168
FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net of issuance costs	–	196,384
	–	196,384
Change in cash during the year	(61,349)	59,193
Cash - beginning of year	95,863	36,670
Cash - end of year	34,514	95,863

Supplemental Cash Flow Information (Note 10)

1. NATURE OF OPERATIONS AND GOING CONCERN

Supernova Metals Corp. ("Supernova" or the "Company") was incorporated on November 20, 2000 under the laws of the province of Alberta, Canada and was continued into the province of British Columbia in 2010. The Company's offices are located at 400-1681 Chestnut Street, Vancouver, BC, V6J 4M6. The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "SUPR".

The Company's principal business activities are acquiring and advancing exploration and evaluation of resource properties. The Company is in the process of exploring its resource properties, but it has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or from proceeds of disposition. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. If for any reason, the Company is unable to continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's consolidated financial statements and such adjustments could be material.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company's working capital is insufficient to support ongoing operations and the Company has incurred ongoing losses and negative cash flow from operations. The Company will require additional funding to continue operations for the upcoming year. The above conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

The Company prepares its consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

These consolidated financial statements were approved for issuance by the Company's Board of Directors on March 14, 2025.

Basis of measurement

All references to dollar amounts in these consolidated financial statements and related notes are in Canadian dollars, unless otherwise indicated.

These consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PREPARATION (continued)

Basis of consolidation

These consolidated financial statements include the accounts of Supernova and its wholly-owned inactive subsidiary Supernova Metals (US) Corp. ("SMUC") which was incorporated in Arizona, USA.

All inter-company transactions and balances have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of both the Company and SMUC is the Canadian dollar.

Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The following areas require a significant degree of estimation:

<u>Share-based compensation</u>

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

<u>Deferred income taxes</u>

The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

2. BASIS OF PREPARATION (continued)

The following areas require a significant degree of judgment:

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 is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Foreign currency translation

At the end of each reporting period, assets and liabilities of the entities whose functional currency is not the Canadian dollar are translated at the rate of exchange at the consolidated statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in other comprehensive income or loss for the year.

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

Exploration and evaluation assets

Costs related to the acquisition, exploration, and evaluation of exploration and evaluation assets are capitalized by property. Costs incurred before the Company has obtained the legal rights to explore an area are recognized through the consolidated statement of loss. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are first tested for impairment and then reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their recoverable amount. Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income taxes

Income tax is recognized in the consolidated statement of loss except to the extent that it relates to items recognized directly in equity.

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 jurisdictions where the Company operates and generates taxable income.

Deferred income tax is provided 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 income 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 income tax asset to be utilized.

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

Share-based payments

Stock Options

The Company has a stock option plan. Share based payments are measured at the fair value of the instruments issued and recognized over the term of vesting. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the options granted shall be based on the number of options that eventually vest. If and when stock options are ultimately exercised, the amount of cash received as well as the applicable amount of the associated reserve is transferred to share capital. The value associated with expired options remains in reserves.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders the services.

Restricted Stock Units

The Company has a restricted stock unit (“RSU”) plan. Share based payments are measured at the fair value of the instruments issued and recognized over the term of vesting. The corresponding amount is recorded to the RSU reserve. The fair value of RSUs is determined using the closing price of the Company’s shares on the CSE on the day immediately prior to the date of grant. If and when RSUs are ultimately exercised, the amount of the associated reserve is transferred to share capital. The value associated with expired RSUs remains in reserves.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Warrants issued in equity financing transactions

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 measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve.

Warrants that are issued as payment for agency fees or other transaction costs (finder's warrants) are compensatory in nature and are assigned a value based on the Black-Scholes pricing model and included in reserves.

If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in the warrant reserve.

Financial instruments

IFRS 9 provides three different measurement categories for non-derivative financial assets –amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income – while all non-derivative financial liabilities are classified as amortized cost. The category into which a financial asset is placed, and the resultant accounting treatment, is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

Financial assets

The Company initially recognizes financial assets at fair value on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies all of its financial assets as subsequently measured at amortized cost, with the exception of short-term investments. All financial assets that do not meet the criteria to be recognized as subsequently measured at amortized cost or subsequently measured at fair value through profit or loss are classified as FVTPL.

Financial liabilities

The Company classifies all of its financial liabilities as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statement of loss over the period to maturity using the effective interest method.

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Impairment

An "expected credit loss" impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in the consolidated statement of loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through the consolidated statement of loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Loss per share

Basic loss per share is calculated by dividing the loss of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. The calculation assumes that proceeds received from the exercise of in-the-money stock options are used to repurchase common shares at the average market price. For the years presented, this calculation proved to be anti-dilutive. As at December 31, 2024, the Company has 3,481,468 (2023 – 4,456,468) potentially dilutive shares outstanding.

Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2024, and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. EXPLORATION AND EVALUATION ASSETS

TT Claims

In April 2024, the Company staked 33 mineral claims under two licenses in central Labrador, Canada. The Company paid $2,145 which includes a refundable staking deposit of $1,650, with $495 recorded as exploration and evaluation assets.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	**December 31, 2023**
	($)	**($)**
Trade payables	10,879	4,731
Related party payables (Note 6)	63,128	42,000
Accrued liabilities	14,000	12,000
	88,007	58,731

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS

Key management includes the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), directors and companies controlled by them. The Company incurred the following transactions with key management of the Company during the years ended December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
	($)	($)
Consulting fees	–	20,000
Management fees	120,000	120,000
	120,000	140,000

As at December 31, 2024, a total of $63,128 (2023 – $42,000) was included in accounts payable and accrued liabilities owing to an officer of the Company.

7. SHARE CAPITAL

Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preference shares without par value.

Issued share capital

Year ended December 31, 2024

On May 21, 2024, the Company issued 900,000 common shares pursuant to the exercise of share purchase warrants, of which settlement was in lieu of outstanding accounts payable of $90,000 owed to a company controlled by the CEO of the Company.

On December 12, 2024, the Company issued 75,000 common shares pursuant to the exercise of restricted share units ("RSUs"). As a result of the RSU exercises, a total of $30,000 was transferred from reserves to share capital, of which $20,000 pertains to shares issued to two directors of the Company.

Year ended December 31, 2023

On October 3, 2023, the Company completed a non-brokered private placement wherein it issued 3,076,923 units at $0.065 per unit for gross proceeds of $200,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.10 per common share expiring on October 3, 2025. The fair value of the share purchase warrants was determined to be $nil using the residual value method. The Company paid $3,616 in legal fees, which was recorded as share issuance costs.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Restricted Stock Units

The Company has a rolling RSU plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, issue RSUs to eligible participants, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Vesting provisions as well as method of settlement, either in cash or common shares, are determined by the Board of Directors of the Company. The maximum number common shares reserved for issuance to any one RSU holder will not exceed 5% of the issued and outstanding common shares. Any unvested RSUs are immediately forfeited following cessation of the RSU holder's position with the Company unless otherwise approved by the Board of Directors.

A continuity schedule of the Company's RSUs is as follows:

	Number of RSUs
Balance, December 31, 2022 and 2023	75,000
Exercised	(75,000)
Balance, December 31, 2024	–

Stock Options

The Company has a rolling incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a variable period from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares.

Stock options may be exercised no later than 90 days following cessation of the optionee's position with the Company.

The Company had no stock option activity during the years ended December 31, 2023 and 2024.

A summary of the Company's stock options at December 31, 2024 is as follows:

	Options Outstanding		Options Exercisable	
Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable	Weighted Average Remaining Contractual Life
($)		(years)		(years)
0.15	100,000	2.93	100,000	2.93

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Share Purchase Warrants

A continuity schedule of the Company's share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
		($)
Balance, December 31, 2022	1,204,545	0.145
Issued	3,076,923	0.10
Balance, December 31, 2023	4,281,468	0.11
Exercised	(900,000)	0.10
Balance, December 31, 2024	3,381,468	0.12

As at December 31, 2024, the following share purchase warrants were outstanding and exercisable:

Number of Warrants Outstanding	Exercise Price	Expiry Date
	($)	
2,176,923	0.10	October 3, 2025
1,204,545	0.145	February 25, 2026
3,381,468		

On February 16, 2024, the Company extended the expiration date of 1,204,545 share purchase warrants exercisable at $0.145 per share from February 25, 2024 to February 25, 2026. The incremental fair value of the modified share purchase warrants modified was $68,379 which was recorded as a loss on debt settlement as the share purchase warrants were issued as part of debt settlements in a prior year. Of this amount, $16,772 pertains to 295,454 share purchase warrants held by a company controlled by a director of the Company. The incremental fair value was calculated using the Black-Scholes option pricing model with an expected life of 2 years, volatility of 169%, risk-free rate of 4.21%, and dividend yield of 0%.

8. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company's cash is deposited in bank accounts held with major banks in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The carrying amount of financial assets recorded in the consolidated financial statements represents the Company's maximum exposure to credit risk.

8. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company prepares a general operating budget to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company uses its best efforts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

The Company's financial liabilities consist of accounts payable and accrued liabilities, all of which are due within twelve months.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Foreign exchange risk

The Company's functional and presentation currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its US subsidiary. The Company also has certain assets and liabilities denoted in US dollars. A 10% change in the currency exchange rates between the Canadian dollar relative to the US dollar would have an immaterial effect on the Company's results of operations, financial position, and cash flows. The Company has not hedged its exposure to currency fluctuations.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

Classification of financial instruments

The Company classifies its other financial assets and other financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within 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 is not based on observable market data (unobservable inputs).

Financial assets in the consolidated statement of financial position includes cash. Financial liabilities in the consolidated statement of financial position include accounts payable. The fair values of cash and accounts payable approximate the carrying amounts due to their short term to maturity.

(Expressed in Canadian dollars)

8. FINANCIAL RISK MANAGEMENT (continued)

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of the components of shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2024.

9. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before taxes. These differences result from the following items:

	December 31, 2024	**December 31, 2023**
	($)	**($)**
Loss before income taxes	(250,463)	(216,542)
Canadian federal and provincial income tax rates	27%	27%
Income tax recovery based on the above rates	(68,000)	(58,000)
Increase (decrease) due to:		
Non-deductible items	(6,000)	(3,000)
Tax effect of tax losses and temporary differences not recognized	74,000	61,000
Income tax provision	–	–

(Expressed in Canadian dollars)

9. INCOME TAXES (continued)

The components of deferred income taxes are as follows:

	December 31, 2024	December 31, 2023
	($)	($)
Deferred income tax assets		
Capital losses	4,000	4,000
Non-capital losses	1,320,000	1,277,000
Resource pools	515,000	484,000
Share issuance costs	3,000	3,000
Total deferred income tax assets	1,842,000	1,768,000
Unrecognized deferred tax asset	(1,842,000)	(1,768,000)

In assigning the realization of deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

The Company has non-capital loss carry-forwards of approximately $4,888,000 that may be available for tax purposes.

10. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2023	December 31, 2023
	($)	($)
Non-cash investing and financing activities:		
Fair value transfer from reserves to share capital for RSU exercises	30,000	–
Exercise of warrants settled in lieu of accounts payable owed to a company controlled by the CEO of the Company	90,000	–

11. SUBSEQUENT EVENTS

Subsequent to December 31, 2024, the Company:

a) completed the acquisition of Namlith Resources Corp. ("Namlith"), a privately held arm's-length company established under the laws of Seychelles, in exchange for the issuance of 15,000,000 common shares of the Company. Namlith controls a 12.5% equity interest in Westoil Ltd., also a privately held company established under the laws of Seychelles, which itself controls a 70% interest in petroleum exploration licence (PEL 107), located offshore of Namibia in the Orange Basin.

b) issued 526,923 common shares pursuant to the exercise of share purchase warrants for proceeds of $52,692.

c) issued 100,000 common shares pursuant to the exercise of stock options for proceeds of $15,000.

d) entered into a capital markets consulting agreement with a consultant whereby the Company agreed to pay $7,500 per month for a six-month commitment period and issue 300,000 common shares as a bonus for providing advisory services to the Company (issued on February 18, 2025).

e) granted a total of 1,100,000 RSUs to officers and consultants of the Company, which will vest over periods of up to 12 months and will expire on December 31, 2028.

f) entered into a digital marketing and investor awareness agreement with a consultant. Pursuant to the agreement, the Company paid $25,000 for one month of services and granted 100,000 stock options whereby each stock option is exercisable at $0.50 per common share, vest quarterly over a period of 12 months, and expiring on August 18, 2026.