CAPROCK MINING CORP.

# CONDENSED INTERIM FINANCIAL STATEMENTS

## FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023

## UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

## Notice to Reader

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

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management of Caprock Mining Corp.

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

## Caprock Mining Corp.

Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

| | As at November 30, 2024 | As at August 31, 2024 |
|---|---|---|
| | **$** | $ |
| **Assets** | | |
| **Current Assets** | | |
| Cash | **5,422** | 131,408 |
| Receivables (Note 4) | **19,941** | 14,958 |
| Prepaid expenses (Note 5) | **4,736** | 6,564 |
| **Total Current Assets** | **30,099** | 152,930 |
| Exploration and evaluation assets (Note 6) | **1,989,000** | 1,989,000 |
| **Total Assets** | **2,019,099** | 2,141,930 |
| **Liabilities** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued liabilities (Note 7) | **374,494** | 390,625 |
| **Total Liabilities** | **374,494** | 390,625 |
| **Shareholders' Equity** | | |
| Share capital (Note 8) | **3,742,065** | 3,742,065 |
| Reserve for restricted share units (Note 9) | **85,368** | 85,368 |
| Reserve for share-based payments (Note 10) | **85,773** | 85,773 |
| Reserve for warrants (Note 11) | **43,509** | 43,509 |
| Accumulated deficit | **(2,312,110)** | (2,205,410) |
| **Total Shareholders' Equity** | **1,644,605** | 1,751,305 |
| **Total Liabilities and Shareholders' Equity** | **2,019,099** | 2,141,930 |

Nature of operations and going concern (Note 1)
Contingencies (Note 16)
Subsequent events (Note 17)

**Approved on behalf of the Board of Directors:**

*"Vishal Gupta"*
Vishal Gupta, Director

*"Jim Kirke"*
Jim Kirke, Director

## Caprock Mining Corp.

Condensed Interim Statements of Loss and Comprehensive Loss
For the Three Months ended November 30, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)

| | **2024** | 2023 |
|---|---|---|
| | **$** | $ |
| **Expenses** | | |
| Professional fees (Note 13) | **75,765** | 72,117 |
| Exploration and evaluation expenditures (Note 6) | **2,548** | 68,408 |
| Shareholder costs | **11,362** | 6,332 |
| Office and general | **1,573** | 5,550 |
| Advertising and promotion | **14,702** | 2,997 |
| Travel and entertainment | **750** | 2,899 |
| **Net Loss and Comprehensive Loss** | **(106,700)** | (158,303) |
| **Weighted Average Number of Outstanding Shares** | | |
| – Basic and diluted | **51,789,167** | 41,672,500 |
| **Net Loss per Share** – Basic and diluted (Note 12) | **(0.002)** | (0.004) |

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

**Caprock Mining Corp.**

Condensed Interim Statements of Changes in Shareholders' Equity
For the Three Months ended November 30, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)

| | | Share Capital | | Reserves | | | | |
|---|---|---|---|---|---|---|---|---|
| | Notes | Number of Shares | Amount | Reserve for Restricted Share Units | Reserve for Share-Based Payments | Reserve for Warrants | Accumulated Deficit | Total |
| | | # | $ | $ | $ | $ | $ | $ |
| **Balance, September 1, 2023** | | **41,672,500** | **3,605,824** | **99,027** | **146,313** | **408,500** | **(2,110,784)** | **2,148,880** |
| Cancellation of options | 10 | - | - | (4,448) | | - | 4,448 | - |
| Net loss for the period | | - | - | - | - | - | (158,303) | (158,303) |
| **Balance, November 30, 2023** | | **41,672,500** | **3,605,824** | **94,579** | **146,313** | **408,500** | **(2,264,639)** | **1,990,577** |
| | | | | | | | | |
| **Balance, September 1, 2024** | | **51,789,167** | **3,742,065** | **85,368** | **85,773** | **43,509** | **(2,205,410)** | **1,751,305** |
| Net loss for the period | | - | - | - | - | - | (106,700) | (106,700) |
| **Balance, November 30, 2024** | | **51,789,167** | **3,742,065** | **85,368** | **85,773** | **43,509** | **(2,312,110)** | **1,644,605** |

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

**Caprock Mining Corp.**
Condensed Interim Statements of Cash Flows
For the Three Months ended November 30, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)

| | **2024** | 2023 |
|---|---|---|
| | **$** | $ |
| **Operating Activities** | | |
| Net loss for the year | **(106,700)** | (158,303) |
| Net change in non-cash working capital items: | | |
| Receivables (Note 4) | **(4,984)** | 8,314 |
| Prepaid expenses (Note 5) | **1,828** | 22,573 |
| Accounts payable and accrued liabilities (Note 7) | **(16,130)** | 22,407 |
| **Cash Flows used in Operating Activities** | **(125,986)** | (105,009) |
| **Investing Activities** | | |
| Ackley property option (Note 6) | **-** | (910) |
| **Cash Flows used in by Investing Activities** | **-** | (910) |
| **Decrease in cash** | **(125,986)** | (105,919) |
| Cash, beginning of period | **131,408** | 235,699 |
| **Cash, end of period** | **5,422** | 129,780 |

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

## 1. Nature of Operations and Going Concern

Caprock Mining Corp. ("Caprock" or the "Company") was incorporated as Blingold Corp. under the provisions of the *Business Corporations Act* (Ontario) on September 14, 2020. On July 12, 2021, the Company filed Articles of Amendment to change the name from Blingold Corp. to Caprock Mining Corp. The Company was incorporated to explore and evaluate mining properties in Canada. The registered address of the Company is 36 Toronto Street, Suite 701, Toronto, Ontario, M5C 2C5, Canada. On January 26, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") under the ticker "CAPR".

The Company is considered to be in the exploration stage and has not yet determined whether its mineral properties contain economically recoverable reserves. The continued operations of the Company and the recoverability of amounts shown or expended for exploration and evaluation ("E&E") assets is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral properties, and if they are proven successful, the existence of economically recoverable reserves and future profitable production, or upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

For the three months ended November 30, 2024, the Company incurred a net loss of $106,700 (November 30, 2023 – $158,303) and negative cash flow from operations of $125,986 (November 30, 2023 – $105,009), and as at November 30, 2024, the Company had an accumulated deficit of $2,312,110 (August 31, 2024 – deficit of $2,205,410). The Company's future viability depends upon the acquisition and financing of mineral exploration or other projects. If the mineral projects are to be successful, additional funds will be required for development and, if warranted, to place them into commercial production. The expected primary source of future funds presently available to the Company is through the issuance of common shares, or sale of an interest in any of its properties or assets in whole or in part. The ability of the Company to arrange such financing will depend, in part, on prevailing market conditions as well as the business performance of the Company. These events and conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. There can be no assurance that the Company will be successful in its efforts to arrange the necessary financing, if needed, on terms satisfactory to the Company.

These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities, reported revenues and expenses, and any classifications of statements of financial position that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

## 2. Basis of Presentation

### (a) Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IFRS"). Accordingly, they do not include all of the information and disclosures required by IFRS for annual financial statements.

These condensed interim financial statements were reviewed, approved, and authorized for issuance by the Board of Directors (the "Board") of the Company on January 27, 2025.

### (b) Basis of Measurement

These condensed interim financial statements have been prepared in accordance with IFRS, on the historical cost basis with the exception of financial instruments classified as at fair value through profit or loss ("FVTPL"), 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.

### (c) Functional Currency

These condensed interim financial statements are presented in Canadian dollars ("$" or "CAD"), which is the functional currency of the Company, unless otherwise noted. The functional currency is the currency of the primary economic environment in which the Company operates.

**2. Basis of Presentation (continued)**

**(d) Significant Accounting Judgments, Estimates and Assumptions**

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

*Going concern*

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations. The conclusion that the Company will be able to continue is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning.

*Fair value of financial assets and financial liabilities*

Fair value of financial assets and financial liabilities on the statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

*Warrants and options*

Warrants and options are initially recognized at fair value, based on the application of the Black-Scholes valuation model ("Black-Scholes"). This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate.

*Restricted Share Units*

Restricted share units ("RSUs") are initially measured and recognized at fair value, based on the market price from active market if available, and based on management judgment using various estimation techniques and valuation models if information from active market is not available.

*Shares issued for non-cash consideration*

The Company is required to recognize these transactions at fair value which requires judgment in selecting valuation techniques and other factors.

*Impairment assessment of non-current assets*

Long-lived assets, including E&E assets, are reviewed for indicators of impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is defined as the higher of: (i) value-in-use; or (ii) fair value less cost to sell. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount.

These are determined through the exercise of judgments and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws, and technological improvements.

(Unaudited - Expressed in Canadian Dollars)

## 2. Basis of Presentation (continued)

### (d) Significant Accounting Judgments and Estimates (continued)

*Restoration, rehabilitation and environmental obligations*

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods can differ materially from the estimates.

*Income taxes*

Income taxes and tax exposures recognized in the financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

*Expected credit losses on financial assets*

Determining an allowance for expected credit losses for amounts receivable and all debt financial assets not held at FVTPL requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

## 3. Summary of Significant Accounting Policies

The accounting policies applied by the Company in these condensed interim financial statements are the same as those noted in the Company's audited financial statements for the year ended August 31, 2024.

## 4. Receivables

| | **As at November 30, 2024** | As at August 31, 2024 |
|---|---:|---:|
| | **$** | $ |
| Sales tax receivable | **12,490** | 7,507 |
| Other receivables | **7,451** | 7,451 |
| | **19,941** | 14,958 |

## 5. Prepaid expenses

| | **As at November 30, 2024** | As at August 31, 2024 |
|---|---:|---:|
| | **$** | $ |
| Prepaid insurance | **4,736** | 6,564 |
| | **4,736** | 6,564 |

## 6. Exploration and Evaluation Assets

*Big Ridge Property*

On March 11, 2021, the Company entered into an agreement with Big Ridge Gold Corp. ("Big Ridge") (the "Big Ridge Agreement"), to acquire an aggregate of 523 mining claims and 15 leases located in the Province of Ontario known as the Mud Lake, Golden Heart, Brookbank East, three Towers, Miner Lake and Green Oaks properties, subject to royalties (collectively the "Big Ridge Property") for the purchase price of 10,000,000 common shares at a deemed price of $0.10 per common share. As a condition of closing, the Company was required to have all necessary approvals to complete a going public transaction, which occurred on January 26, 2022, when the Company's common shares were listed for trading on the CSE. The Big Ridge Property acquisition closed on February 28, 2022, and 10,000,000 common shares were issued at the price of $0.20 per share, being the closing price of the common shares on that date.

During the fiscal year ended August 31, 2023, the Company relinquished the mining claims at Golden Heart, Brookbank East, and Three Towers, leaving the Company with 408 mining claims collectively covering an area of 6,418 hectares. Management exercised judgement in assigning value to the relinquished claims based on total reserve for the claims on the Big Ridge Property and assigned an impairment of $11,000 to the relinquished claims.

*Ackley Property*

On January 31, 2023 (the "Effective Date"), the Company entered into a binding option agreement (the "Option Agreement") to earn a 100% interest in the Ackley Lithium-Tin-Molybdenum-REE property (the "Ackley Property") located in south-eastern Newfoundland. The Ackley Property comprises 182 mining claims collectively covering an area of 4,550 hectares. Under the terms of the Option Agreement, the Company was required to make the following share issuances, Optionor cash payments, and exploration expenditures over the course of three years (which may be accelerated at the Company's option) from the effective date:

- Issuance of 5,200,000 common shares ("Consideration Shares") of the Company with 1,300,000 issued immediately on January 31, 2023, 1,300,000 Consideration Shares issued on January 31, 2024, and 1,300,000 Consideration shares to be issued each on January 31, 2025, and 2026 until fully issued;
- Payment of $125,000 in cash with $20,000 paid immediately on January 31, 2023, $25,000 paid on January 31, 2024, and $30,000 payable on January 31, 2025, and $50,000 on January 31, 2026;
- Incurrence of qualified expenditures on the Ackley Property totaling $750,000 of which $150,000 is incurred within the first 12 months until January 31, 2024, an additional $250,000 within 24 months until January 31, 2025, and an additional $350,000 within 36 months until January 31, 2026; and
- A one-time payment of $10,000 to a consultant for the staking costs and over 100 kilometers of detailed high resolution ground magnetic data generated on the property in recent years.

Following the transfer of the Optionor's interest in the Ackley Property, the Optionor would retain a two percent (2%) Net Smelter Returns royalty ("NSR"), subject to the right of the Company to buy back 1% of the royalty for cash consideration of $1,000,000In February 2023, the Company made an additional stake in a block at Ackley West comprising of 40 claims for $600. This brought the total claims at the Ackley Property to 222 claims.

The Company will pay the Optionor a royalty equal to two percent ("2%") of the NSR for all Mineral Products ("Royalty"). Such Royalty will be a burden on the Ackley property and any renewal or extension thereof, and accordingly shall be binding upon and represent a liability of any successors of the Property.

The Company may on written notice to the Optionor and without requiring further consent from the Optionor, purchase one-half of the Royalty ("1%") at any time in consideration of a cash payment of $1,000,000 to the Optionor.

In February 2023, the Company made an additional stake in a block at Ackley West comprising of 40 claims for $600. This brought the total claims at the Ackley Property to 222 claims.

On January 18, 2024, the Company entered into an amendment of the Option Agreement (the "Amended Option Agreement") to make up for the shortfall in the qualifying expenditure obligation that ought to have been incurred during the first 12 months of the effective date per terms of the Option Agreement.

On January 30, 2024, the Company issued 100,000 common shares valued at $3,500 as consideration to the Optionor of the Ackley Property pursuant to the terms of the Amended Option Agreement.

(Unaudited - Expressed in Canadian Dollars)

## 6. Exploration and Evaluation Assets (continued)

On January 31, 2024, the Company made a cash payment of $25,000 and issued Consideration Shares of 1,300,000 pursuant to the terms of the Option Agreement.

As at August 31, 2024, the Company concluded that the Ackley project was impaired and recognized $154,010 of impairment, which was charged to operations.

As at November 30, 2024 and August 31, 2024, the carrying value of the Company's E&E assets was comprised as follows:

| | **November 30, 2024** | August 31, 2024 |
|---|---|---|
| | **$** | $ |
| **Balance – beginning of period** | **1,989,000** | 2,071,600 |
| Ackley Property Option | **-** | 71,410 |
| Impairment of E&E assets | **-** | (154,010) |
| **Balance – end of period** | **1,989,000** | 1,989,000 |

The Company's cumulative E&E expenditure incurred on the Company's mining properties from inception until November 30, 2024 and 2023 are as follows:

| | **Big Ridge Property** | **Ackley Property** | **Total** |
|---|---|---|---|
| | **$** | **$** | **$** |
| **Balance, September 1, 2023** | **208,607** | **27,364** | **235,971** |
| Claims management | 424 | - | 424 |
| Report | - | 44,876 | 44,876 |
| Prospecting | - | 4,400 | 4,400 |
| Sampling | - | 3,447 | 3,447 |
| Assays | - | 1,822 | 1,822 |
| Project management | - | 975 | 975 |
| Survey | - | 7,000 | 7,000 |
| Mapping | - | 575 | 575 |
| Field costs | - | 3,822 | 3,822 |
| Storage fees | 970 | 98 | 1,068 |
| Total E&E Expenditures for the period ended November 30, 2023 | 1,394 | 67,014 | 68,408 |
| **Balance, September 1, 2024** | **219,971** | **98,221** | **318,192** |
| Claims management | 2,548 | - | 2,548 |
| Total E&E Expenditures for the period ended November 30, 2024 | **2,548** | **-** | **2,548** |
| **Balance, November 30, 2024** | **222,519** | **98,221** | **320,740** |

## 7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchases incurred in the normal course of business.

| | **As at November 30, 2024** | As at August 31, 2024 |
|---|---|---|
| | **$** | $ |
| Accounts payable | **75,327** | 99,526 |
| Accrued liabilities | **299,167** | 291,099 |
| | **374,494** | 390,625 |

(Unaudited - Expressed in Canadian Dollars)

## 8. Share Capital

*Authorized share capital*

The Company is authorized to issue an unlimited number of common shares without par value. All common shares are ranked equally with regards to the Company's residual assets.

The movement of share capital for the three months ended November 30, 2024 and 2023 are as follows:

| Issuance Date | Number of shares | Amount |
|---|---|---|
| | # | $ |
| Balance, August 31, 2023 & November 30, 2023 | 41,672,500 | 3,605,824 |
| **Balance, August 31, 2024 & November 31, 2024** | **51,789,167** | **3,742,065** |

There were no share capital transactions during the three months ended November 30, 2024 and 2023.

## 9. Reserve for Restricted Share Units

On March 10, 2022, the Company implemented a restricted share units plan (the "RSU Plan"). Under the RSU Plan, Eligible Persons (as such term is defined in the RSU Plan) may, at the discretion of the Compensation Committee of the Board, be allocated a number of RSUs, which are subject to a maximum vesting term of one year from the calendar year in which the RSUs were granted.

The maximum number of common shares that are issuable under the RSU Plan is limited to 10% of the number of issued and outstanding common shares. As at November 30, 2024, the Company had 4,298,416 common shares available for issuance under the RSU Plan (2023 - 3,286,750).

During the three months ended November 30, 2024, share-based compensation of $nil (2023 – $nil) was recorded in connection with the vesting of these RSUs.

The following summarizes the RSU activity for the three months ended November 30, 2024 and 2023:

| | | **2024** | | 2023 |
|---|---|---|---|---|
| | **Number of RSUs** | **Weighted average exercise price** | Number of RSUs | Weighted average exercise price |
| | **#** | **$** | # | $ |
| **Outstanding, beginning of period** | **880,500** | **0.12** | 923,000 | 0.12 |
| Expired | **-** | **-** | (42,500) | 0.12 |
| **Outstanding, end of period** | **880,500** | **0.12** | 880,500 | 0.12 |

The cancelled RSUs are RSUs that had not yet vested as of the date the Eligible Persons resigned from the Company.

## 10. Reserve for Share-Based Payments

The Company maintains the Option Plan whereby certain key officers, directors and consultants may be granted stock options for common shares of the Company. The maximum number of common shares that are issuable under the Option Plan is limited to 10% of the number of issued and outstanding common shares. Under the Option Plan, the exercise price of each option may not be less than the closing price of the Company's common shares on the trading day prior to the grant date or the grant date itself, whichever is higher. Vesting of options is determined at the discretion of the Board.

As at November 30, 2024, the Company had 4,216,917 common shares available for issuance under the Option Plan (2023 – 2,526,250).

During the three months ended November 30, 2024, share-based compensation of $nil (2023 – $nil) was recorded in connection with the vesting of these stock options.

(Unaudited - Expressed in Canadian Dollars)

### 10. Reserve for Share-Based Payments (continued)

The following summarizes the stock option activity for the three months ended November 30, 2024 and 2023:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price** | Number of options | Weighted average exercise price |
| | **#** | **$** | # | $ |
| **Outstanding, beginning of period** | **962,000** | **0.12** | 1,641,000 | 0.12 |
| **Outstanding, end of period** | **962,000** | **0.12** | 1,641,000 | 0.12 |
| **Exercisable, end of period** | **962,000** | **0.12** | 1,641,000 | 0.12 |

The following table summarizes information of stock options outstanding and exercisable as at November 30, 2024:

| **Date of expiry** | **Number of options outstanding** | **Number of options exercisable** | **Exercise price** | **Weighted average remaining life** |
|---|---|---|---|---|
| | **#** | **#** | **$** | **Years** |
| March 9, 2027 | 962,000 | 962,000 | 0.12 | 2.27 |
| | **962,000** | **962,000** | **0.12** | **2.27** |

### 11. Reserve for Warrants

The following summarizes the warrant activity for the three months ended November 30, 2024 and 2023:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Number of warrants** | **Weighted average exercise price** | Number of warrants | Weighted Average exercise price |
| | **#** | **$** | # | $ |
| **Outstanding, beginning of period** | **4,358,333** | **0.05** | 10,400,510 | 0.15 |
| **Outstanding, end of period** | **4,358,333** | **0.05** | 10,400,510 | 0.15 |

The following table summarizes information of warrants outstanding as at November 30, 2024:

| **Date of expiry** | **Number of warrants outstanding** | **Exercise price** | **Weighted average remaining contractual life** |
|---|---|---|---|
| | **#** | **$** | **Years** |
| August 30, 2026 | 4,358,333 | 0.05 | 1.74 |
| | **4,358,333** | **0.05** | **1.74** |

### 12. Basic and Diluted Loss per Share

The calculations of basic and diluted loss per share for the three months ended November 30, 2024 were based on the net loss of $106,700 (2023 – $158,303) and the weighted average number of basic and diluted common shares outstanding of 51,789,167 (2023 – 41,672,500).

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(Unaudited - Expressed in Canadian Dollars)

## 13. Related Party Transactions

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board.

The remuneration of directors and other members of key management personnel during the three months ended November 30, 2024 and 2023 were as follows:

| | **2024** | 2023 |
|---|---|---|
| | **$** | $ |
| Management salaries and consulting fees | **43,750** | 43,750 |
| Professional fees | **15,000** | 21,000 |
| | **58,750** | 64,750 |

Effective June 7, 2021, the Company entered into an executive management agreement with Windmark Financial Limited ("Windmark"), a company controlled by the Company's President and Chief Executive Officer ("CEO") to pay the CEO $175,000 per year.

During the three months ended November 30, 2024, the Company recorded consulting fees of $43,750 (2023 – $43,750) in relation to the CEO's consulting compensation. As at November 30, 2024, $328,683 (August 31, 2024 – $305,279) was owed to the CEO and included in accounts payable and accrued liabilities.

During the three months ended November 30, 2024, Branson Corporate Services Ltd. ("Branson"), where the Company's Chief Financial Officers ("CFO") is employed, charged fees of $15,000 (2023 – $21,000), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at November 30, 2024, $16,400 was owed to Branson and included in accounts payable and accrued liabilities (August 31, 2024 – $25,750).

## 14. Capital Management

The Company's capital under management includes equity of $1,644,605 at November 30, 2024 (August 31, 2024 – $1,751,305). The Company's objectives when managing capital are to: (i) safeguard its ability to continue as a going concern, (ii) provide an adequate return to shareholders, and (iii) provide sufficient funding to support on-going exploration and capital development plans.

While the Company does not yet have any revenues, management monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its business activities.

The Company's capital management objectives, policies and processes have remained unchanged since the Company's most recent financial reporting period.

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

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(Unaudited - Expressed in Canadian Dollars)

## 15. Financial risks

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Cash is held with reputable Canadian chartered banks, which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum exposure to credit risk at period-end is limited to the receivable balance.

*Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities.

As at November 30, 2024, the Company had a cash balance of $5,422 (August 31, 2024 – $131,408) to settle current liabilities of $374,494 (August 31, 2024 – $390,625).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at November 30, 2024:

| | **Carrying amount** | **Year 1** | **Year 2 to 3** | **Year 4 to 5** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Accounts payable and accrued | 374,494 | 374,494 | - | - |

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring anticipated cash flows to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there will be sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations, the Company's cash position as at period end, and its strategic financing plan over the next 12 months.

*Foreign exchange risk*

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. While the Company's operations are based in Canada, it may have, from time to time, transactions denominated in foreign currencies. The Company's primary exposure to foreign exchange risk is that transactions denominated in foreign currency may expose the Company to the risk of exchange rate fluctuations. Based on its current operations, management believes that the foreign exchange risk is minimal.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any instruments subject to interest rate risk as at November 30, 2024.

*Fair value*

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 Company's financial instruments consist of cash, and accounts payables.

(Unaudited - Expressed in Canadian Dollars)

## 15. Financial risks (continued)

*Fair value (continued)*

As at November 30, 2024, the Company's financial instruments consist of cash, receivables and accounts payable. The fair value of cash, and accounts payable and accrued liabilities are approximately equal to their carrying value due to their short-term nature.

The Company classifies fair value measurements 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 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).

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Cash | 5,422 | - | - | **5,422** |

As at November 30, 2024, the Company's financial instruments carried at fair value consisted of its cash, which is classified as Level 1. There were no transfers between Levels 2 and 3 for recurring fair value measurements during the three months ended November 30, 2024 and 2023.

## 16. Contingencies

The Company's E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at the date hereof, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.

The Company also believes that there are no environmental-related liabilities that will have a material adverse effect on the financial position or operating results of the Company.

## 17. Subsequent Events

### Destiny gold property

On December 3, 2024 the Company entered into a binding option agreement to acquire a 100% interest in the Destiny gold property ("Destiny", or the "Property") located near Val D'Or, Quebec from Big Ridge Gold Corp. (the "Optionor") (the "Transaction"). The Transaction closed on December 31, 2024. As the Optionor is the holder of approximately 19.3% of the outstanding common shares of the Company, the Option Agreement constitutes a related party transaction under applicable securities laws.

Destiny comprises 127 mineral claims that collectively span an area of 5,013 hectares located less than two hours' drive from Val D'Or.

The Company has an option to acquire 100% interest in the Property by incurring the following obligations over the course of three years (which may be accelerated at Caprock's option) from December 31, 2024

- Issuance of 8,000,000 common shares of the Company on December 31, 2024 at a deemed issue price of $0.05 per common share for a total deemed value of $400,000 (Issued on December 31, 2024);
- Payment of $100,000 in cash and $250,000 in common shares of the Company on or before December 31, 2025;
- Payment of $250,000 in cash and $350,000 in common shares of the Company on or before December 31, 2026;
- Payment of $400,000 in cash and $700,000 in common shares of the Company on or before December 31, 2027; and

### 17. Subsequent Events (continued)

- Incurring qualified expenditures on the Property totaling $2,450,000 with the following breakdown:
  - $200,000 on or before December 31, 2025 Date;
  - an additional $750,000 on or before December 31, 2026; and
  - an additional $1,500,000 on or before December 31, 2027.

**Ackley lithium property**

On December 3, 2024, the Company filed a formal notice of termination with the vendor of the Ackley property, terminating the Ackley option agreement.

**Financing**

On December 31, 2024, the Company completed a private placement offering (the "Non-FT Private Placement") of 11,685,000 units of the Company ("Units") at a price of $0.025 per Unit, for aggregate gross proceeds of $292,125. Each Unit consists of one common share of the Company and one common share purchase warrant ("Warrant"), with each Warrant entitling the holder to purchase one common share at an exercise price of $0.06 for a period of 24 months from the date of issuance.

The Company also completed a private placement offering (the "FT Private Placement," and together with the Non-FT Private Placement, the "Private Placement Offerings") of 2,875,000 flow-through units of the Company ("FT Units") at a price of $0.04 per FT Unit, for aggregate gross proceeds of $115,000. Each FT Unit consists of one Share ("FT Share") and one Warrant, with each Warrant entitling the holder to purchase one common share at an exercise price of $0.06 for a period of 24 months from the date of issuance.

An aggregate of $29,210 was paid to certain finders and an aggregate of 230,000 finder warrants were issued to certain finders in connection with the Private Placement Offerings. Each finder warrant entitles the finder to acquire one Unit at a price of $0.025 at any time on or before December 31, 2026.

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