PEGMATITE ONE LITHIUM AND GOLD CORP.

Consolidated Financial Statements

For the years ended August 31, 2024 and 2023

Expressed in Canadian Dollars

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Independent Auditor's Report

To the Shareholders of Pegmatite One Lithium and Gold Corp.

Opinion

We have audited the consolidated financial statements of Pegmatite One Lithium and Gold Corp. (the "Group"), which comprise the consolidated statements of financial position as at August 31, 2024 and August 31, 2023 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at August 31, 2024 and August 31, 2023, and its consolidated financial performance and its consolidated 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 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group'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 of the year ended August 31, 2024. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. 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.

Recoverability of Exploration and Evaluation Assets
As disclosed in Note 6 to the consolidated financial statements, the carrying value of Exploration and Evaluation Assets represents a significant asset of the Group. Refer to Note 4 and Note 6 to the consolidated financial statements for a description of the accounting policy and significant judgments applied to Exploration and Evaluation Assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining claims and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the mining claims and deferred exploration costs is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at August 31, 2024.

Why the matter was determined to be a key audit matter
We considered this a key audit matter due to (i) the significance of the mining claims and deferred exploration costs balance and (ii) the judgments made by management in its assessment of indicators of impairment related to mining claims and deferred exploration costs, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

How the matter was addressed in our audit
We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Obtaining, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates;

- Assessing compliance with option agreements by reviewing agreements, vouching cash payments and share issuances;

- Enquiring with management and reviewing its future plans and other documentation as evidence that further exploration and evaluation activities in the area of interest will be continued in the future;

- Assessing whether any data exists to suggest that the carrying value of the Exploration and Evaluation assets is unlikely to be recovered through development or sale; and

- Assessing the adequacy of the related disclosures in Note 4 and Note 6 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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 identified above 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.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 IFRS Accounting Standards as issued by the International Accounting Standards Board, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group 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 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 Diana Huang.

Crowe Mackay LLP

Chartered Professional Accountants
Vancouver, Canada
December 19, 2024

PEGMATITE ONE LITHIUM AND GOLD CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	August 31, 2024	August 31, 2023
ASSETS		
Current assets		
Cash	$ 37,795	$ 258,111
Amounts recoverable	5,522	32,310
Marketable securities (Note 5)	32,941	-
Prepaid expenses	1,680	19,609
	77,938	310,030
Non-current assets		
Exploration and evaluation assets (Note 6)	425,005	500,359
	$ 502,943	$ 810,389
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	$ 326,084	$ 280,471
Shareholders' equity		
Share capital (Note 7)	2,429,406	2,424,406
Reserves (Note 7)	363,096	363,096
Deficit	(2,615,643)	(2,257,584)
	176,859	529,918
	$ 502,943	$ 810,389

Nature and continuance of operations (Note 1)

Approved by the Board of Directors and authorized for issue on December 19, 2024:

"Ross Mitgang"	Director	*"Binyomin Posen"*	Director
Ross Mitgang		Binyomin Posen	

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

PEGMATITE ONE LITHIUM AND GOLD CORP.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
For the years ended August 31,

	2024	2023
EXPENSES		
Consulting fees (Note 8)	$ 14,500	$ 33,350
Filing and transfer agent fees	15,345	23,332
Management fees (Note 8)	96,000	56,000
Office and miscellaneous (Note 8)	13,293	14,699
Professional fees	181,386	157,240
Share-based compensations (Note 8)	-	76,200
Shareholder information	28,344	25,484
Travel and promotion	32,324	2,645
	(381,192)	(388,950)
Gain on sale of properties (Note 6)	25,000	-
Change in fair value of marketable securities (Note 5)	(1,867)	-
Write-off of exploration and evaluation asset (Note 6)	-	(1,446,659)
Loss and comprehensive loss for the year	$ (358,059)	$ (1,835,609)
Weighted average number of outstanding common shares – basic and diluted	35,370,582	31,948,004
Basic and diluted loss per common share	$ (0.01)	$ (0.06)

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

PEGMATITE ONE LITHIUM AND GOLD CORP.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of shares	Amount	Option Reserves	Warrant Reserves	Deficit	Total
Balance, August 31, 2022	26,325,001	$ 1,949,611	$ 108,015	$ 29,100	$ (421,975)	$ 1,664,751
Shares issued for private placements	7,900,000	395,000	-	-	-	395,000
Share issue costs – cash	-	(46,274)	-	-	-	(46,274)
Shares issued for exploration and evaluation assets	100,000	5,500	-	-	-	5,500
Warrants issued for exploration and evaluation assets	-	-	-	171,000	-	171,000
Exercise of warrants	993,500	120,569	-	(21,219)	-	99,350
Share-based compensations	-	-	76,200	-	-	76,200
Loss for the year	-	-	-	-	(1,835,609)	(1,835,609)
Balance, August 31, 2023	35,318,501	2,424,406	184,215	178,881	(2,257,584)	529,918
Shares issued for exploration and evaluation assets	146,628	5,000	-	-	-	5,000
Loss for the year	-	-	-	-	(358,059)	(358,059)
Balance, August 31, 2024	35,465,129	$ 2,429,406	$ 184,215	$ 178,881	$ (2,615,643)	$ 176,859

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

PEGMATITE ONE LITHIUM AND GOLD CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
Years ended August 31,

	2024	2023
CASH FLOW USED IN OPERATING ACTIVITIES		
Loss for the year	$ (358,059)	$(1,835,609)
Items not involving cash:		
Share-based compensations	-	76,200
Change in fair value of marketable securities	1,867	-
Write-off of exploration and evaluation asset	-	1,446,659
Gain on sale of properties	(25,000)	-
Changes in non-cash working capital items:		
Amounts recoverable	26,788	(14,935)
Prepaid expenses	17,929	(19,609)
Accounts payable and accrued liabilities	109,570	106,626
Net cash used in operating activities	(226,905)	(240,668)
CASH FLOW USED IN INVESTING ACTIVITIES		
Exploration and evaluation assets	(134,635)	(51,492)
Exploration and evaluation assets cost recovery	141,224	-
Net cash provided by (used in) investing activities	6,589	(51,492)
CASH FLOW PROVIDED BY FINANCING ACTIVITIES		
Proceeds from private placements	-	395,000
Share issue costs – cash	-	(46,274)
Warrants exercised	-	99,350
Net cash provided by financing activities	-	448,076
Change in cash during the year	(220,316)	155,916
Cash, beginning of year	258,111	102,195
Cash, end of year	$ 37,795	$ 258,111
Interest received	$ -	$ -
Interest paid	$ -	$ -
Exploration and evaluation assets included in accounts payable and accrued liabilities	$ 41,063	$ 105,020
Marketable securities received for exploration and evaluation assets	$ 34,808	$ -
Shares issued for exploration and evaluation assets	$ 5,000	$ 5,500
Warrants issued for exploration and evaluation assets	$ -	$ 171,000
Fair value of warrants exercised	$ -	$ 21,219

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

1. Nature and continuance of operations

Pegmatite One Lithium and Gold Corp. (the "Company") was incorporated on March 4, 2021 under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's registered office is Suite 250 – 750 West Pender Street, Vancouver, BC, V6C 2T7 and its corporate office and principal place of business is Suite 201 - 10 Wanless Avenue, Toronto, Ontario, Canada, M4N 1V6.

The Company is in the business of exploring its mineral exploration assets and has not yet determined whether these properties contain ore reserves that are economically recoverable. As at August 31, 2024, the Company was in the exploration stage and had interests in properties in Canada.

On April 11, 2022, the Company completed its initial public offering (the "IPO") of 4,025,000 common shares of the Company at a price of $0.10 per common share for gross proceeds of $402,500. The shares were approved for listing on the Canadian Securities Exchange (the "CSE") and commenced trading on the CSE on April 12, 2022, under the symbol ("MADI").

On January 18, 2023, the Company changed its name from 'Madi Minerals Ltd.' to 'Pegmatite One Lithium and Gold Corp.'.

On January 27, 2023 the Company's shares began trading under the new symbol "PGA".

<u>Going concern</u>

These consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern and 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, and upon future profitable production or proceeds from the disposition thereof. The Company has sustained losses from operations and expects to incur further losses in the development of its business and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As at August 31, 2024 the Company had a working capital deficiency of $248,146 (2023 – working capital of $29,559). Based on its current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its current plans. These material uncertainties may cast substantial doubt about the Company's ability to continue as a going concern.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. The Company expects that it will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company expects to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses, and the statement of financial position classifications used, 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 preparation

The consolidated financial statements were authorized for issue on December 19, 2024 by the directors of the Company.

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary as at August 31, 2024. Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiary as if they formed a single entity. All inter-company transactions and balances between the companies are therefore eliminated in full.

The Company incorporated a wholly-owned subsidiary, 1000256194 Ontario Ltd., on July 12, 2022 in the Province of Ontario. This entity was later amalgamated with Casey Jones Lithium Inc. ("Casey") into one company, under the name 1000279021 Ontario Ltd., to acquire a mineral exploration property. The Company holds a 100% interest in 1000279021 Ontario Ltd. These consolidated financial statements include the accounts of 1000279021 Ontario Ltd.

3. Significant accounting judgements and estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses.

Significant accounting judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statement are discussed below:

i) Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

ii) Exploration and evaluation assets

The assessment of impairment indicators under IFRS 6, if any, of the exploration and evaluation assets requires significant judgment. The recovery amount of the exploration and evaluation assets requires significant estimate.

3. Significant accounting judgements and estimates (continued)

Significant accounting estimates

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows. There are no significant accounting estimates at August 31, 2024 which impact the carrying value of assets and liabilities.

4. Material accounting policies

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars which are both the Company and the subsidiary's functional and presentation currency. Transactions in foreign currencies are translated at rates in effect at the time of the transaction. Monetary assets and liabilities are translated at the exchange rate prevailing at the reporting date. Gains and losses are included in profit or loss.

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the period in which they are incurred.

Costs incurred to acquire the legal right to explore a property are capitalized. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized on a property-by-property basis. These direct expenditures include such costs as surveying costs, drilling costs, labor and contractor costs, materials used and licensing and permit fees.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property upon receipt when collection is assured.

Once the technical feasibility and commercial viability of extracting the mineral resource have been determined, the property is considered to be under development and is classified as development properties. The carrying value of exploration and evaluation assets is transferred to development properties after being tested for impairment.

Once commercial production has commenced all capitalized costs related to the property are transferred to producing properties and the costs of acquisition, exploration and development will be amortized over the life of the property based on estimated economic reserves.

4. Material accounting policies (continued)

Exploration and evaluation assets (continued)

Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in other income for the period. If a property is abandoned, the acquisition, deferred exploration and development costs will be written off to other expenses.

Currently, all mineral properties of the Company are at the exploration stage.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry norms for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized; however, for corporate income tax purpose the Company has no right to claim these costs as tax deductible expenses.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge that changes in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded as incurred.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

4. Material accounting policies (continued)

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the equity financing agreement. Warrants that are part of units are valued using the residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments and are recognized in equity. When warrants are forfeited or are not exercised at the expiry date the amount previously recognized in equity remains in warrant reserves.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate exchange on the date the shares are issued.

Share issuance costs

Share issue costs are deferred and charged directly to share capital on completion of the related equity financing. If the financing is not completed, share issue costs are charged to profit or loss. Costs directly identifiable with the raising of capital will be charged against the related share capital.

4. Material accounting policies (continued)

Flow-through shares and units

The Company has from time to time, issued flow-through common shares and units to finance its exploration program. Pursuant to the terms of the flow-through agreements, these shares and units transfer the tax deductibility of qualifying resource expenditures to investors. At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows: i) share capital – the market trading price of the common shares, ii) flow-through share premium – equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and iii) warrant reserve – any excess.

Proceeds received from the issuance of flow-through shares must be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Canada Revenue Agency flow-through regulations. When applicable, this tax is accrued as a financial expense.

Earnings (loss) per share

Earnings (loss) per share is calculated on the basis of the weighted average number of common shares outstanding during the period. The Company follows the treasury share method to calculate the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Existing share options and share purchase warrants have not been included in the computation of diluted loss per share, as it would be anti-dilutive. For the year ended August 31, 2024, 2,100,000 (2023 – 2,100,000) options and 13,300,000 (2023 – 13,300,000) warrants were not included in the calculation of diluted earnings per share as their inclusion was anti-dilutive.

Share-based payments

When equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received, unless the fair value of the goods and services received cannot be reasonably measured, in which case they are measured using the fair value of the equity instruments issued. Expenses are recorded in profit or loss. Amounts related to the cost of issuing shares are recorded as a reduction of share capital. Amounts related to the issuance of shares for exploration and evaluation assets are capitalized in mineral interests on the statement of financial position.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by using a valuation model.

All equity-settled share-based payments are reflected in option reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in option reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. If the options expire or are cancelled, the corresponding amount previously recorded remains in reserves.

4. Material accounting policies (continued)

Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial statements date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income tax is recorded using the liability method 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 liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination at the time of the transaction affects neither accounting nor taxable profit or loss and the transaction does not give rise to equal taxable and deductible temporary differences. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

Financial instruments

Financial instruments classified at fair value through profit or loss ("FVTPL") are measured at fair value.

Financial instruments classified at amortized cost are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method.

A summary of the classification and measurement of the Company’s financial instruments is set out below.

	Classification
Financial Asset	
Cash	FVTPL
Marketable securities	FVTPL
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost

4. Material accounting policies (continued)

Adoption of new and future accounting standards, interpretations and amendments

A number of new standards, and amendments to standards and interpretations, are not effective and have not been early adopted in preparing these consolidated financial statements. The following accounting standards and amendments are effective for future periods.

i) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) – The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

   These amendments are effective for reporting periods beginning on or after January 1, 2024. The Company does not expect material impact upon adoption of these amendment.

ii) IFRS 18 Presentation and Disclosure in Financial Statements – IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

   1. Three defined categories for income and expenses – operating, investing or financing – to improve the structure of the income statements, and require all companies to provide new defined subtotals, including operating profit;
   2. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement; and
   3. Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

   This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company will be evaluating the impact of the above amendments on its financial statements.

The Company adopted the following accounting standards during the year ended August 31, 2024:

i) Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. The implementation of these amendments reduced disclosures in the notes to the financial statements.

ii) Amendments to IAS 8 – Definition of Accounting Estimates
These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

There were no significant impact to the consolidated financial statements as a result of the implementation of these amendments.

(Expressed in Canadian dollars)

5. Marketable securities

During the year ended August 31, 2024, the Company received 1,200,000 shares (valued at $34,808) of Thunderbird Resources Limited ("Thunderbird") (formerly Valor Resources Limited) for Frazer Lake-Mound Property (Note 6) and recorded an unrealized loss of $1,867 from change in the fair value.

	Number of Thunderbird Common shares		Total
As of August 31, 2022 and 2023	-	$	-
Addition	1,200,000		34,808
Change in fair value	-		(1,867)
As of August 31, 2024	**1,200,000**	**$**	**32,941**

6. Exploration and evaluation assets

Georgina Property (British Columbia)

On March 29, 2021, the Company entered into an option agreement to acquire up to a 75% interest in a mining claim in the Nanaimo Mining Division, British Columbia.

During the period ended August 31, 2021, the Company acquired 51% interest in the property by issuance of 100,000 common shares and paid $5,000 in cash to the vendor.

The Company earned the remaining 24% of the total 75% interest by making the following payments as follows:

i) $10,000 on or before March 29, 2022 (paid);
ii) 100,000 common shares on or before the date that is six months from the date of the initial listing of the Company's shares on the CSE (issued at a value of $5,500); and
iii) exploration expenditures of $200,000 (incurred).

The property is subject to a net smelter royalty of 2% payable to the vendor.

The Company received $21,002 (2023 - $Nil) mining tax credits during the year ended August 31, 2024.

6. Exploration and evaluation assets (continued)

Morrison River Property (Ontario)

On August 8, 2022, the Company entered into an agreement to acquire a 100% interest in the Morrison River Property through the acquisition of 100% of the common shares of a privately held company that owns the property.

During the year ended August 31, 2022, the Company issued 12,000,000 common shares (issued at a value of $1,366,000); and paid other transaction costs of $24,379 related to acquiring the privately held company through amalgamation.

During the year ended August 31, 2023, the Company determined it would no longer explore the property which is an indicator of impairment under IFRS 6, resulting in an assessment of the property's recoverable amount. As such, the Company has written off the property in full, recognizing an impairment loss of $1,446,659 during the year ended August 31, 2023.

During the year ended August 31, 2024, the Company entered into a non-binding agreement with Thunderbird Resources Limited ("Thunderbird") (formerly Valor Resources Limited) whereby Thunderbird has an option to acquire a 100% interest in the property.

Effective March 20, 2024, Thunderbird consolidated its common shares on a 25:1 basis. All share and per share amounts in the consolidated financial statements have been retroactively restated to reflect the share consolidation for Thunderbird.

Pursuant to the agreement, Thunderbird will acquire the property by paying total cash consideration of AUD$80,000 cash (or 800,000 ordinary shares in the capital of Thunderbird (each a "Thunderbird Share"), at Thunderbird's election) and 10,000,000 Thunderbird Shares, as follows:

i) AUD$20,000 cash or 200,000 Thunderbird Shares, at Thunderbird's election, on the earlier of:
    a) upon execution of a definitive agreement; or
    b) December 31, 2023, or extended to the date when the Company has completed their due diligence on Thunderbird.

ii) AUD$30,000 cash or 300,000 Thunderbird Shares, at Thunderbird's election, on the earlier of:
    a) upon commencement of on ground field-based exploration activities; or
    b) June 1, 2024.

iii) AUD$30,000 cash or 300,000 Thunderbird Shares on or before 3rd month anniversary from the commencement of on ground field-based exploration activities.

iv) 10,000,000 Thunderbird Shares on or before September 30, 2024, if Thunderbird elects to proceed with the acquisition of 100% interest.

The Company will be granted a 2% NSR for the property, which Thunderbird can repurchase for 1% for $2,250,000. The agreement contains customary representations, warranties and covenants including a termination fee to be paid by the Company to Thunderbird of up to AUD$100,000 upon various termination events.

The Company received $25,000 cash to tenure the property during the due diligence process.

On May 29, 2024, Thunderbird decided to suspend the acquisition of the property until further notice.

6. Exploration and evaluation assets (continued)

Frazer Lake-Mound Property (Ontario)

On June 28, 2023, and amended on December 4, 2023, the Company entered into an option agreement to acquire a 100% interest in the Frazer Lake-Mound Property, Ontario, Canada.

Pursuant to the agreement, the Company will acquire 100% interest in the property by paying the following considerations:

i) $1 on June 28, 2023 (paid); and
ii) $25,000 on or before August 8, 2026 (paid).
iii) Issue 7,000,000 warrants on or before July 5, 2023 (issued at a fair value of $171,000). Each warrant will entitle the holder to acquire one common share of the Company at a price of $0.05 until June 28, 2025.
iv) Issue 2,000,000 common shares on or before August 8, 2026.

The Company will grant the optionor a royalty of 2.0% of net smelter returns from minerals mined and removed from the property, of which the Company may purchase 1.0% at any time by paying a total of $1,500,000 to the optionor.

On August 8, 2023 and amended on August 14, 2023 and again on December 4, 2023, the Company entered into an agreement to acquire a 100% interest to an additional 383 mining claims in the vicinity of the Frazer Lake-Mound Property in northwestern Ontario, Canada.

Pursuant to the agreement, the Company will acquire 100% interest in the claims by making the payments as follows:

i) $25,000 on or before August 8, 2026; and
ii) issuance of 3,200,000 common shares on or before August 8, 2026.

The Company will grant the optionor a royalty of 2.0% of net smelter returns from minerals mined and removed from the property, of which the Company may purchase 1.0% at any time by paying a total of $750,000 to the optionor.

On February 10, 2024, the Company entered into a definitive agreement with Thunderbird whereby Thunderbird has an option to acquire a 100% interest in the property.

Effective March 20, 2024, Thunderbird consolidated its common shares on a 25:1 basis. All share and per share amounts in the consolidated financial statements have been retroactively restated to reflect the share consolidation for Thunderbird.

Pursuant to the agreement, Thunderbird will acquire the property for total cash consideration of AUD$320,000 cash and 40,000,000 Thunderbird Shares, as follows:

i) firm commitment of AUD$80,000 cash on February 10, 2024 (received at a value of $70,222).

ii) firm commitment of AUD$120,000 cash or 1,200,000 Thunderbird Shares, at Thunderbird's election (1,200,000 Thunderbird Shares received at a value of $34,808), on the earlier of:
   a) Upon commencement of on ground field-based exploration activities; or
   b) June 1, 2024.

iii) AUD$120,000 cash or 1,200,000 Thunderbird Shares on or before 3rd month anniversary from the commencement of on ground field-based exploration activities.

6. Exploration and evaluation assets (continued)

Frazer Lake-Mound Property (Ontario) (continued)

iv) 40,000,000 Thunderbird Shares on or before on or before September 30, 2024, if Thunderbird elects to proceed with the acquisition of 100% interest.

The Company will be granted a 2% NSR for the property.

The Company received $25,000 cash to tenure the property during the due diligence process.

The agreement contains customary representations, warranties and covenants including a termination fee to be paid by the Company to Thunderbird of up to AUD$400,000 upon various termination events.

Dort Property (British Columbia)

On April 18, 2024, the Company entered into an option agreement to acquire a 100% interest in the Dort Property, British Columbia, Canada.

Pursuant to the agreement, the Company will acquire 100% interest in the property by paying the following considerations:

i) $5,000 in common shares on or before April 28, 2024 (146,628 common shares issued);
ii) $45,000 in common shares on or before April 18, 2025; and
iii) $25,000 in common shares prior to the commencement of any form of a drill program on the property.

The Company will grant the optionor a royalty of 2.5% of net smelter returns from minerals mined and removed from the property, of which the Company may purchase 2/5 of the royalty or 1.0% at any time by paying a total of $1,000,000 to the optionor.

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

A summary of the Company's exploration and evaluation assets is as follows:

	Georgina Property	Morrison River Property	Frazer Lake-Mound Property	Dort Property	Total
Balance, August 31, 2022	**$ 223,627**	**$ 1,390,379**	**$ -**	**$ -**	**$ 1,614,006**
Acquisition costs:					
Staking	-	8,378	-	-	8,378
Issuance of shares	5,500	-	-	-	5,500
Issuance of warrants	-	-	171,001	-	171,001
Write-off	-	(1,398,757)	-	-	(1,398,757)
	5,500	(1,390,379)	171,001	-	(1,213,878)
Exploration costs:					
Assays and testing	-	-	16,856	-	16,856
Geological consulting	-	16,722	-	-	16,722
Mapping and surveying	1,500	31,180	44,400	-	77,080
Travel, accommodation, and supplies	-	-	37,475	-	37,475
Write-off	-	(47,902)	-	-	(47,902)
	1,500	-	98,731	-	100,231
Balance, August 31, 2023	**230,627**	**-**	**269,732**	**-**	**500,359**
Acquisition costs:					
Cash	-	-	25,000	-	25,000
Issuance of shares	-	-	-	5,000	5,000
	-	-	25,000	5,000	30,000
Exploration costs:					
Assays and testing	3,610	-	37,017	-	40,627
Geological consulting	-	-	1,700	463	2,163
Field supplies	-	-	2,888	-	2,888
Cost recovery	(21,002)	-	(130,030)	-	(151,032)
	(17,392)	-	(88,425)	463	(105,354)
Balance, August 31, 2024	**$ 213,235**	**$ -**	**$ 206,307**	**$ 5,463**	**$ 425,005**

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Shares held in escrow

850,001 common shares issued on March 10, 2022 are subject to escrow provisions. As at August 31, 2024, 255,000 common shares (2023 – 510,000) remain in escrow. The remaining shares held in escrow will be released over a period of 12 months.

Issuances

Year ended August 31, 2024

On April 23, 2024, the Company issued 146,628 common shares with a fair value of $5,000 for acquisition of the Dort Property (Note 6).

Year ended August 31, 2023

On December 12, 2022, the Company issued a total of 100,000 common shares with a fair value of $5,500 for acquisition of the Georgina Property (Note 6).

On December 19, 2022, the Company completed a non-brokered private placement of 1,800,000 flow-through units at a price of $0.05 for gross proceeds of $90,000. Each flow-through unit consisted of one common share and one half of one common share purchase warrant. Each warrant is exercisable into an additional common share at a price of $0.10 until December 19, 2025. The Company paid issuance costs of $46,274. A value of $Nil was attributed to the flow-through premium liability in connection with the financing. As of August 31, 2023, the Company fulfilled its spending commitment.

Concurrently, the Company completed a non-flow-through private placement of 6,100,000 units at a price of $0.05 for gross proceeds of $305,000. Each unit consisted of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of $0.10 until December 19, 2025.

On August 15, 2023, the Company issued 293,500 common shares pursuant to the exercise of warrants for gross proceeds of $29,350, and accordingly, the Company reallocated $21,219 of reserves to share capital.

On August 21, 2023, the Company issued 700,000 common shares pursuant to the exercise of warrants for gross proceeds of $70,000.

Stock options

The Company adopted a stock option plan to grant options to individuals exercisable up to 10 years from the date of grant to purchase shares at the market price, less applicable discount, if any. Such grants not to exceed an aggregate of 10% of the issued and outstanding shares and vesting periods will be determined by the Board of Directors.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. The pricing models adopted by management do not necessarily provide a consistent single measure of the fair value of the Company’s share options and other share-based transactions.

(Expressed in Canadian dollars)

7. Share capital (continued)

Stock options (continued)

Year ended August 31, 2024

The Company did not grant any stock options during the year ended August 31, 2024.

Year ended August 31, 2023

On December 12, 2022, the Company granted 500,000 stock options that vested upon grant and are exercisable at a price of $0.055 until December 12, 2027 to an officer. The estimated fair value of the options was $25,900 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 165% (determined based on comparable publicly listed entities); an expected life of 5 years; a dividend yield of 0%; and a risk-free rate of 3.85%.

On April 4, 2023, the Company granted 1,250,000 stock options that vested upon grant and are exercisable at a price of $0.065 until April 4, 2025 to officers, directors and consultants. The estimated fair value of the options was $50,300 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 161% (determined based on comparable publicly listed entities); an expected life of 2 years; a dividend yield of 0%; and a risk-free rate of 3.52%.

A summary of change in stock options is as follows:

	Number of Options		Weighted average exercise price
Balance, August 31, 2022	1,500,000	$	0.10
Granted	1,750,000		0.06
Cancelled	(1,150,000)		0.10
Balance, August 31, 2023 and 2024	2,100,000	$	0.07

As at August 31, 2024, the Company's options had a weighted average remaining life of 1.27 years (2023 – 2.28 years).

Details of options outstanding as at August 31, 2024 are as follows:

Number of Options	Exercise Price	Expiry date	Exercisable
1,250,000	$0.065	April 4, 2025	1,250,000
150,000	$0.10	May 4, 2025	150,000
200,000	$0.135	August 18, 2025	200,000
500,000	$0.055	December 12, 2027	500,000
2,100,000			2,100,000

(Expressed in Canadian dollars)

7. Share capital (continued)

Stock options (continued)

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

	August 31, 2024	August 31, 2023
Risk-free interest rate	-	3.61%
Exercise price	-	$0.062
Expected life of options	-	2.86 years
Expected annualized volatility	-	162%
Expected dividend rate	-	-

Volatility is determined based on comparable publicly listed entities.

Warrants

Year ended August 31, 2024

The Company did not grant any warrants during the year ended August 31, 2024.

Year ended August 31, 2023

On June 28, 2023, the Company granted 7,000,000 warrants pursuant to the acquisition of the Frazer Lake-Mound Property (Note 6) and are exercisable at a price of $0.05 until June 28, 2025.

On December 19, 2022, the Company granted 7,000,000 warrants pursuant to a private placement and are exercisable at a price of $0.10 until December 19, 2025.

A summary of change in warrants is as follows:

	Number of Warrants	Weighted average exercise price
Balance, August 30, 2022	402,500	$ 0.10
Granted	14,000,000	0.08
Exercised	(993,500)	0.10
Cancelled	(109,000)	0.10
Balance, August 31, 2023 and 2024	13,300,000	$ 0.07

As at August 31, 2024, the Company's warrants had a weighted average remaining life of 1.05 years (2023 – 2.05 years).

Details of warrants outstanding as at August 31, 2024 are as follows:

Number of Warrants	Exercise Price	Expiry date
7,000,000	$0.05	June 28, 2025
6,300,000	$0.10	December 19, 2025
13,300,000		

(Expressed in Canadian dollars)

7. Share capital (continued)

Warrants (continued)

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

	August 31, 2024	**August 31, 2023**
Risk-free interest rate	-	4.47%
Exercise price	-	$0.05
Expected life of options	-	2.00 years
Expected annualized volatility	-	158%
Expected dividend rate	-	-

Volatility is determined based on comparable publicly listed entities.

8. Related party transactions

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel made during the year is as follows:

		Year ended August 31, 2024		Year ended August 31, 2023
Consulting fees	$	12,000	$	12,000
Management fees		96,000		56,000
Office and miscellaneous		-		6,000
Share-based compensations		-		52,056
Total	**$**	**108,000**	**$**	**126,056**

During the year ended August 31, 2024, the Company:

i) paid or accrued office expenses of $Nil (2023 - $6,000) to a company owned by the former CEO of the Company.

ii) paid or accrued management fees of $Nil (2023 - $9,000) to the former CEO of the Company.

iii) paid or accrued management fees of $Nil (2023 - $7,000) to the former CEO of the Company.

iv) paid or accrued management fees of $96,000 (2023 - $40,000) to the CEO of the Company.

v) paid or accrued consulting fees of $12,000 (2023 - $12,000) to the CFO of the Company.

vi) granted Nil (2023 – 1,150,000) stock options with a value of $Nil (2023 – $52,056) to the CEO and former CEO of the Company.

8. Related party transactions (continued)

As at August 31, 2024, due to related parties amounted to $111,500 (2023 – $42,613) included in accounts payable and accrued liabilities on the statements of financial position. These amounts are unsecured, non-interest bearing, and have no fixed terms of repayment.

9. Capital management

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its mineral properties; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk. The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and receivables. 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 August 31, 2024.

10. Financial instruments and risks

The Company's financial instruments are comprised of cash, marketable securities and accounts payable and accrued liabilities. The carrying value of accounts payable and accrued liabilities as presented in the statements of financial position is a reasonable estimate of its fair value given its short term to maturity.

Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value financial assets and liabilities are described below. There were no transfers between levels of the fair value hierarchy during the year.

Level 1 – Quoted Prices in Active Markets for Identical Assets
Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash and marketable securities are valued using quoted market prices in active markets. Accordingly, it is included in Level 1 of the fair value hierarchy.

Level 2 – Significant Other Observable Inputs
Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Significant Unobservable Inputs
Unobservable (supported by little or no market activity) prices.

10. Financial instruments and risks (continued)

Financial Instrument Risks

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, price risk, liquidity risk and currency risk.

a) Credit risk

The Company is exposed to credit concentration risk by holding cash. This risk is minimized by holding the investments in large Canadian financial institutions.

b) Interest rate risk

The Company is exposed to minimal interest rate risk. Fluctuations in market interest rates do not have a significant impact on the Company's operations.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's financial instruments include marketable securities which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. Some of these investments have been acquired as a result of property transactions and, to a large extent, represent strategic investments in related mining companies and their properties. The Company closely monitors market values to determine the most appropriate course of action.

d) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. As at August 31, 2024, the Company manages this risk by monitoring its working capital to ensure its expenditures will not exceed available resources. As at August 31, 2024, the Company had cash of $37,795 (2023 – $258,111) and a working capital deficiency of $248,146 (2023 – working capital of $29,559). The Company may not be able to settle accounts payable and accrued liabilities of $326,084 (2023 – $280,471). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

e) Currency risk

Currency risk is the risk from fluctuations in foreign exchange rates and the degree of volatility of these rates. At August 31, 2024, the Company held investment traded on the Australian Securities Exchange, subject to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and the Australian dollar. The Company does not have a formal policy to manage risk; however, management actively monitors movement in foreign currency and forecasts foreign currency payments. Foreign exchange risk is mitigated by the offset of assets against liabilities.

(Expressed in Canadian dollars)

11. Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Years ended August 31, 2024		2023	
Net loss before income taxes for the year	$	(358,059)	$	(1,835,609)
Statutory Canadian corporate tax rate		27%		27%
Anticipated tax recovery	$	(97,000)	$	(495,614)
Non-deductible expenses		1,000		411,526
True up		30,000		-
Change in tax benefits not recognized		66,000		84,088
Total income tax recovery	$	-	$	-

The significant components of the Company's unrecognized deductible temporary differences and tax losses are as follows:

		Years ended August 31, 2024	Expiry		2023	Expiry
Non-capital losses carried forward	$	742,000	2040-2044	$	481,000	2040-2043
Share issue costs		76,000	2026-2027		92,000	2026-2027
Unrecognized deductible temporary differences	$	818,000		$	573,000	

The following is the analysis of recognized deferred tax assets and deferred tax liabilities:

	Years ended August 31, 2024		2023	
Deferred tax liabilities				
Exploration and evaluation assets	$	(64,000)	$	(49,000)
Deferred tax liabilities		(64,000)		(49,000)
Deferred tax assets				
Non-capital losses		64,000		49,000
Deferred tax assets		64,000		49,000
Net deferred tax assets (liabilities)	$	-	$	-

Tax attributes are subject to review, and potential adjustment by tax authorities.