CARMANAH MINERALS CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

CARMANAH MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited, Expressed in Canadian Dollars)

	Note	As at February 28, 2025	As at May 31, 2024
		$	$
ASSETS			
Current Assets			
Cash		5,858	65,675
Prepaid		37,500	37,500
Receivables	5	3,280	27,692
Due from related party	11	30,000	30,000
		76,638	160,867
Exploration and evaluation assets	6	20,000	305,770
TOTAL ASSETS		96,638	466,637
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	7	132,655	130,739
Liabilities		132,655	130,739
Shareholders' Equity			
Share capital	8	1,472,825	1,472,825
Reserves	9,10	573,032	573,032
Deficit		(2,081,874)	(1,709,959)
		(36,017)	335,898
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		96,638	466,637

Nature of operations and going concern (note 1)

Approved on behalf of the Board of Directors

"Fraser Rieche"	" Michelle Suzuki"
Director	Director

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

CARMANAH MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited, Expressed in Canadian Dollars)

		For the Three Months ended		For the Nine Months ended	
	Note	**February 28, 2025**	**February 29, 2024**	**February 28, 2025**	**February 29, 2024**
		$	**$**	**$**	**$**
OPERATING EXPENSES					
Consulting fees		-	24,800	-	86,100
Exploration and evaluation	6	-	2,200	5,200	21,400
Filing fees		3,502	4,081	13,539	11,119
Investor relations		-	-	900	-
Impairment of exploration and evaluation asset		-	-	305,770	-
Office and other		399	393	1,730	3,023
Management fees	11	6,000	15,000	18,000	27,500
Professional fees		16,378	5,000	26,776	22,089
		26,279	51,474	371,915	171,231
NET COMPREHENSIVE LOSS		(26,279)	(51,474)	(371,915)	(171,231)
BASIC AND DILUTED LOSS PER SHARE		(0.00)	(0.00)	(0.00)	(0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – basic and diluted		52,950,101	21,378,715	52,950,101	21,038,494

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

CARMANAH MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited, Expressed in Canadian Dollars)

CARMANAH MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited, Expressed in Canadian Dollars)

	Common Shares				
	Number of shares	Amount	Reserves	Accumulated Deficit	Total
		$	$	$	$
Balance at May 31, 2023	**40,616,770**	**1,071,158**	**279,032**	**(733,915)**	**616,275**
Shares issued-exercise of warrants	300,000	15,000	-	-	15,000
Shares issued for property	5,500,000	165,000	-	-	165,000
Warrants issued for mineral property	-	-	102,300	-	102,300
Comprehensive loss	-	-	-	(171,231)	(171,231)
Balance at February 29, 2024	**46,416,770**	**1,251,158**	**381,332**	**(905,146)**	**727,344**
Shares issued for property	6,000,000	195,000	-	-	195,000
Shares issued-exercise of warrants	533,332	26,667	-	-	26,667
Warrants issued for mineral property	-	-	191,700	-	191,700
Comprehensive loss	-	-	-	(804,813)	(804,813)
Balance at May 31, 2024	**52,950,102**	**1,472,825**	**573,032**	**(1,709,959)**	**335,898**
Comprehensive loss	-	-	-	(371,915)	(371,915)
Balance at February 28, 2024	**52,950,102**	**1,472,825**	**573,032**	**(2,081,874)**	**(36,017)**

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

CARMANAH MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited, Expressed in Canadian Dollars)

CARMANAH MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited, Expressed in Canadian Dollars)

		For the Nine Months Ended	
	Note	**February 28, 2025**	**February 29, 2024**
		$	$
OPERATING ACTIVITIES			
Net loss		(371,915)	(171,231)
Adjustments for items not affecting cash			
Impairment of exploration and evaluation asset	6	305,770	-
Change in non-cash working capital items			
Prepaid expenses		-	85,331
Other receivables		24,412	(38,989)
Trade payables and accrued liabilities		1,916	3,896
Cash used in operating activities		(39,817)	(120,993)
INVESTING ACTIVITIES			
Investment in exploration and evaluation assets	6	(20,000)	(68,000)
Cash used in financing activities		(20,000)	(68,000)
FINANCING ACTIVITIES			
Proceeds from exercise of warrants	10	-	15,000
Cash provided by financing activities		-	15,000
Change in cash		(59,817)	(173,993)
Cash – beginning		65,675	288,574
Cash – ending		5,858	114,581

1. NATURE OF OPERATIONS AND GOING CONCERN

Carmanah Minerals Corp. ("Carmanah" or the "Company") was incorporated on October 30, 2020 under the British Columbia Corporations Act of the Province of British Columbia. On June 27, 2022, the Company's shares began trading on the Canadian Securities Exchange (the "CSE") under the symbol "CARM".

The address of the Company and the registered office is 2600 - 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1. The address of the records office is 200-3310 South Service Road, Burlington, Ontario L7N 3M6.

The Company is in the exploration stage and its principal business activity is the exploration and evaluation of mineral properties in Canada. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. As at February 28, 2025, the Company has not yet determined whether its interest in the mineral property contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

The Company's financial statements for the three and nine months ended February 28, 2025 have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. For the nine months ended February 28, 2025, the Company incurred a net comprehensive loss of $371,915. As at February 29, 2025, it had an accumulated deficit of $2,081,874 which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values are dependent upon obtaining additional financing sufficient to cover its operating costs.

Although management is currently seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, tariffs, changes in laws, and national and international circumstances. These factors may create further uncertainty and risk with respect to the prospects of the Company's business.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Statement of Compliance and Basis of Presentation

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

The financial statements were approved and authorized for issuance by the Board of Directors on April 16, 2025.

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

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

2. MATERIAL ACCOUNTING POLICIES

The Company's accounting policies are the same as those applied in the Company financial statements for the year ended May 31, 2024.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Critical Judgments
The following are critical judgments that management has made in the process of applying policies that have the most significant effect on the amount recognized in the financial statements:

<u>Going Concern</u>
The assessment of the Company's ability to continue as a going concern involves critical judgment based on historical experience. Significant judgements are used in the Company's assessment of its ability to continue as a going concern which is described in Note 1.

<u>Exploration and Evaluation Asset</u>
The determination whether there have been any events or changes in circumstances that indicate the impairment of its exploration and evaluation assets.

(Unaudited, Expressed in Canadian Dollars)

4. ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or the Company is assessing the potential impact on the Company's condensed interim financial statements.

5. RECEIVABLES

	February 28, 2025	**May 31, 2024**
	$	**$**
Amount receivable	-	26,667
GST receivables	3,280	1,025
	3,280	**27,629**

6. EXPLORATION AND EVALUATION ASSETS

Property acquisition costs

	Walker Property $	**Hare Hill Pluton Property $**	**Baie Verte Brompton $**	**Heritage Property $**	**Total $**
Balance, February 29, 2024	289,771	115,709	189,300	-	594,780
Additions	12,000	50,000	572,000	-	634,000
Impairment	-	(165,710)	(577,000)	-	(742,710)
Balance, May 31, 2024	305,770	-	-	-	305,770
Impairment	(305,770)	-	-	-	(305,770)
Additions	-	-	-	20,000	20,000
Balance, February 28, 2025	-	-	-	20,000	20,000

Mineral exploration costs

	Period ended February 28, 2025 $	**Period ended February 29, 2024 $**
Geology	3,200	21,400
Operating	2,000	-
	5,200	21,400

(Unaudited, Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSET (continued)

Walker Creek Project

On October 5, 2022, the Company entered into a property option agreement to acquire 50% interest of the Walker Creek Claims from Marvel Discovery Corp. ("Marvel"). The property is located in the Athabasca Basin, Saskatchewan.

As part of the agreement, the Company is required to make cash payments and make exploration expenditures as follows:

Payment period	Expenditures	Cash Payments
On execution of the Option Agreement ("Closing Date")	Nil	$10,000 (Paid)
On or before 90 days following the Closing Date	Nil	$40,000 (Paid)
On or before the first anniversary of the Closing Date	$187,500	$75,000 (Paid)
On or before the second anniversary of the Closing Date	$375,000	$75,000
On or before the third anniversary of the Closing Date	$937,500	$100,000
On or before the fourth anniversary of the Closing Date	Nil	$100,000
TOTAL	**$1,500,000**	**$400,000**

In addition, the company is required to issue common shares and share purchase warrants as follows:

Payment period	Shares	Warrants	Exercise price per Warrant
On execution of the Option Agreement ("Closing Date")	500,000 (Issued)	500,000 (Issued)	$0.13
On or before the first anniversary of the Closing Date	750,000	750,000	30% premium of Market Value at the date of issuance
On or before the second anniversary of the Closing Date	750,000	750,000	30% premium of Market Value at the date of issuance
On or before the third anniversary of the Closing Date	1,000,000	1,000,000	30% premium of Market Value at the date of issuance
On or before the fourth anniversary of the Closing Date	500,000	500,000	30% premium of Market Value at the date of issuance
TOTAL	**3,500,000**	**3,500,000**	

The Walker Creek Property is subject to a 2% Net Smelter Royalty.

On August 7, 2024, the Company and Marvel entered into an amendment to the property option agreement whereby cash payments due on the second, third and fourth anniversary of the closing date, have each been extended for a period of two years. In addition, exploration expenditure requirements on or before the first, second and third anniversary of the closing date, have each been extended for a period of two years.

(Unaudited, Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSET (continued)

Walker Creek Project (continued)

During the nine months ending February 28, 2025, the Company determined that it would be unable to access financing and complete exploration and evaluation activities required to maintain the underlying claims in good standing within the required time period. Consequently, the Company recorded impairment of $305,770.

Hare Hill Project

On February 15, 2023, the Company entered into a property acquisition agreement to acquire a 100% interest in the Hare Hill Pluton claims from 1254883 B.C. Ltd. The property is located in Newfoundland.

Pursuant to the agreement, the Company is required to make cash payments as follows:

Payment period	Cash Payments
On execution of the Agreement Date	$5,000 (paid)
On or before 45 days following the Agreement Date	$45,000 (paid)
On or before the second anniversary of the Agreement Date	$50,000
On or before the third anniversary of the Agreement Date	$80,000
TOTAL	**$180,000**

In addition, the Company is required to issue common shares and share purchase warrants as follows:

Payment period	Shares	Warrants	Exercise price per Warrant
On or before 15 days of the Agreement Date	550,000 (Issued)	550,000 (Issued)	$0.13
On or before the second anniversary of the Closing Date	650,000	650,000	25% premium of Market Value at the date of issuance
On or before the third anniversary of the Closing Date	800,000	800,000	25% premium of Market Value at the date of issuance
TOTAL	**2,000,000**	**2,000,000**	

The Hare Hill Pluton Property is subject to a 2.5% Net Smelter Royalty of which 1% can be acquired for $1,000,000. During the year ended May 31, 2024, the Company determined that the project did not factor in its future plans and recorded impairment of $165,710

(Unaudited, Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSET (continued)

Baie Verte Brompton Project

On June 8, 2023, the Company entered into an option agreement to acquire a 100% interest in the Baie Verte Brompton projects from Marvel Discovery Corp., and Falcon Gold Corp. who jointly hold the claims comprising the Baie Verte Brompton project located in Central Newfoundland.

Pursuant to the agreements, the Company is required to make cash payments as follows:

Payment period	Cash payments-Marvel	Cash payments-Falcon
Within five days of signing Agreement (paid)	$ 5,000	$ 5,000
First anniversary of signing Agreement	$18,000	$12,000
Second anniversary of signing Agreement	$20,000	$15,000
Third anniversary of signing Agreement	$20,000	$15,000
Fourth anniversary of signing Agreement	$30,000	$15,000
TOTAL	**$93,000**	**$62,000**

In addition, the Company is required to issue common shares and share purchase warrants as follows:

Payment period	Shares	Warrants	Exercise price per Warrant
Upon acceptance of the transaction by TSXV-Falcon	4,000,000 (issued)	4,000,000 (issued)	$0.05
Upon acceptance of the transaction by TSXV-Marvel	6,000,000 (issued)	6,000,000 (issued)	$0.05
TOTAL	**10,000,000**	**10,000,000**	

The transaction is a related party transaction as a result of common directors and officers among the three entities. The transaction was subject to TSXV approval as Falcon and Marvel shares are listed on the TSXV.

The Baie Verte Brompton Property is subject to a 2.5% Net Smelter Royalty on each of the two parts of the property of which 1% of each NSR can be acquired for $1,000,000.

During the year ended May 31, 2024, the Company determined that the project did not factor in its future plans and recorded impairment of $320,000

Heritage Project

On February 24th, 2025 company has entered into an option agreement with Puddle Pond Resources Inc. to acquire a 100% interest in the Heritage Project, a district-scale gold-silver asset covering 145 km² (580 claims) on the Burin Peninsula in southern Newfoundland.

(Unaudited, Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSET (continued)

Heritage Project (continued)

Pursuant to the agreement, the Company is required to make cash payments as follows:

Payment period	Cash Payments
On execution of the agreement date	$20,000
On or before 90 days following the agreement date	$45,000
TOTAL	**$65,000**

In addition, the Company is required to issue common shares and make exploration expenditures as follows:

Payment period	Expenditure	Shares
On or before 180 days of the agreement date	-	800,000
On or before the first anniversary of the closing date	$250,000	2,400,000
On or before the second anniversary of the closing date	$500,000	2,400,000
On or before the third anniversary of the closing date	$750,000	2,400,000
TOTAL	**$1,500,000**	**8,000,000**

The Heritage Property is subject to a 2.5% Net Smelter Royalty of which 1.25% can be acquired for $2,000,000.

7. TRADE PAYABLES AND ACCRUED LIABILITIES

	February 28, 2025	May 31, 2024
	$	$
Trade payables	97,655	105,239
Accrued liabilities	35,000	25,500
	132,655	**130,739**

8. SHARE CAPITAL

Authorized Share Capital

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

On May 7, 2024, the Company completed a forward split of its shares on the basis of 2 new shares for each one share outstanding (the “Forward Split”). Except where otherwise indicated, all historical share numbers and per share amounts have been adjusted on a retroactive basis to reflect the Forward Split.

(Unaudited, Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Issued Share Capital

On May 3, 2024, the Company issued 533,334 common shares for cash proceeds of $26,667 pursuant to the exercise of warrants. The $26,667 is included in amounts receivable and was received on June 7, 2024.

On April 29, 2024, the Company issued 6,000,000 common shares with a fair value of $90,000 pursuant to a mineral property option described in Note 6.

On January 16, 2024, the Company issued 4,000,000 common shares with a fair value of $120,000 pursuant to a mineral property option described in Note 6.

On November 15, 2023, the Company issued 1,500,000 common shares with a fair value of $45,000 pursuant to a mineral property option described in Note 6.

On July 27, 2023, the Company issued 150,000 common shares pursuant to the exercise of 150,000 share purchase options for cash proceeds of $15,000.

9. STOCK OPTIONS

The Corporation adopted a stock option plan (the "Plan") whereby it can grant stock options to directors, officers, employees, and consultants of the Corporation. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Corporation at any time.

The changes in incentive stock options outstanding are summarized as follows:

	Weighted average exercise price $	Number of shares issued or issuable on exercise
Balance – May 31, 2023 and 2024	0.045	3,690,000
Stock options issued	0.00	-
Balance – February 28, 2025	0.045	3,690,000

On July 22, 2022, the Company issued 945,000 stock options. The options have an exercise price of $0.10 and expire 5 years from the grant date. The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 3.24 % per annum, an expected life of options of 5 years, an expected volatility of 100%, and no expected dividends. The fair value of the options of $71,600 was recorded as a share-based payment expense.

On May 19, 2023, the Company issued 900,000 stock options to directors and officers of the Company. The options have an exercise price of $0.075 and expire 5 years from the grant date. The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a

(Unaudited, Expressed in Canadian Dollars)

9. STOCK OPTIONS (continued)

risk-free interest rate of 3.29% per annum, an expected life of options of 5 years, an expected volatility of 148.99%, and no expected dividends. The fair value of the options of $51,100 was recorded as a share-based payment expense.

		Options Outstanding			Options Exercisable	
Exercise Price	**Date of expiry**	**Number of Shares Issuable on Exercise**	**Weighted Average Remaining Life (Years)**	**Weighted Average Exercise Price**	**Number of Shares Issuable on Exercise**	**Weighted Average Exercise Price**
$0.05	July 20, 2027	1,890,000	2.39	$0.05	1,890,000	$0.05
$0.0375	May 19, 2028	1,800,000	3.22	$0.0375	1,800,000	$0.0375
		3,690,000	2.80	$0.044	3,690,000	$0.044

Weighted average remaining life of stock options at February 28, 2025 is 2.80 years (2024-3.80 years)

10. WARRANTS

Details regarding warrants issued and outstanding are summarized as follows:

	Number of warrants	**Weighted average exercise price $**
Balance, May 31, 2023	18,766,668	0.05
Issued	1,500,000	0.039
Issued	10,000,000	0.05
Exercised	(833,332)	0.05
Balance, May 31, 2024	29,433,336	0.05
Issued	-	0.00
Balance, February 28, 2025	29,433,336	0.05

The expiry of the warrants are as follows:

Number of warrants outstanding	**Exercise price $**	**Expiry date**
15,833,336	0.05	April 25, 2025
1,100,000	0.045	May 9, 2025
4,000,000	0.05	January 16, 2027
6,000,000	0.05	April 29, 2027
1,000,000	0.065	November 22, 2027
1,500,000	0.039	November 15, 2028
29,433,336		

(Unaudited, Expressed in Canadian Dollars)

10. WARRANTS (continued)

In addition, there are 424,000 broker warrants outstanding and exercisable at $0.05 expiring on April 21, 2025. On June 27, 2024, 1,150,000 broker warrants expired.

The fair values for broker warrants issued during 2024 have been estimated using the Black-Scholes option pricing model assuming the following weighted average assumptions.

	May 31, 2024	**May 31, 2024**	**May 31, 2024**
	1,500,000 warrants	4,000,000 warrants	6,000,000 warrants
Risk-free interest rate	3.67%	4.10%	4.40%
Expected life (in years)	5	3	3
Expected volatility	156%	154%	161%
Expected dividend yield	0%	0%	0%
Exercise price	$0.039	$0.05	$0.05
Share price at date of grant	$0.03	$0.03	$0.0325

10. RELATED PARTY TRANSACTIONS

Key management personnel include the Company's Board of Directors and members of senior management. The Company's related parties include key management personnel, and companies related by way of directors or shareholders in common. Transactions with related parties for goods and services are made on normal commercial terms.

The remuneration of directors and key management personnel during the nine months ended February 28, 2025 and February 29, 2024.

	February 28, 2025	**February 29, 2024**
	$	$
Management fees to Brant Capital Partners Inc. controlled by the CFO	18,000	18,000
Management fees to RavPol International Corp. controlled by interim CEO	-	9,000
Management fees to Jonathan Yan	-	500
	18,000	**27,500**

As at February 28, 2025 accounts payable include $4,520 (May 31, 2024 - $Nil) due to Brant Capital Partners, a company controlled by the CFO and $6,000 (May 31, 2024 - $6,000) due to RavPol International Corp, a company controlled by the Interim CEO.

At February 28, 2025, $30,000 (May 31, 2024 - $30,000) was due from Marvel Discovery Corp.

(Unaudited, Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities

Information regarding the Company's financial assets and liabilities as at February 28, 2025 and May 31, 2024 is summarized as follows:

	February 28, 2025	May 31, 2024
	$	$
Financial Assets		
At amortized cost		
Cash	5,858	65,675
Financial Liabilities		
At amortized cost		
Trade payable and accrued liabilities	132,655	130,739

Financial Instrument Risk Exposure

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

Cash is classified as Level 1. The carrying balance of trade payables approximate their fair value due to their short-term nature.

The Company's financial instruments expose it to a variety of financial risk: market risk (including price risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support those operations. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units.

12. FINANCIAL INSTRUMENTS (Continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The Company manages credit risk on liquid financial assets through maintaining its cash with high quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operations and capital requirements through operating cash flows, as well as future equity and debt financing. As at February 28, 2025, the Company had a cash balance of $5,858 to settle current liabilities of $132,655. The Company's financial liabilities include trade payables which have contractual maturities of 30 days or are due on demand.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash. The interest rate risk on cash is not considered significant due to its short term nature and maturity.