Argyle Resources Corp.

Unaudited Condensed Interim Financial Statements

For the Three and Nine Months Ended November 30, 2024, for the Three months ended November 30, 2023, and for the Period from March 16, 2023 (Date of Incorporation) to November 30, 2023

(Expressed in Canadian Dollars)

Notice to Reader

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

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

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

Argyle Resources Corp.
Unaudited Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	As at November 30, 2024	As at February 29, 2024
	$	$
Assets		
Current Assets		
Cash	**1,853,818**	460,657
Accounts receivable	**63,478**	4,562
Prepaid expenses (Note 4)	**317,861**	5,000
Deferred listing costs	**-**	62,972
Total Current Assets	**2,235,157**	533,191
Exploration and evaluation assets (Note 5)	**242,321**	18,000
Total Assets	**2,477,478**	551,191
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**209,843**	85,215
Total Current Liabilities	**209,843**	85,215
Flow-through share liability (Note 6)	**138,582**	-
Total Liabilities	**348,425**	85,215
Shareholders' Equity		
Share capital (Note 7)	**4,203,409**	786,522
Reserve for warrants (Note 7)	**780,730**	-
Reserve for restricted share units (Note 7)	**190,919**	-
Contributed surplus (Note 7)	**591,211**	-
Accumulated deficit	**(3,637,216)**	(320,546)
Total Shareholders' Equity	**2,129,053**	465,976
Total Liabilities and Shareholders' Equity	**2,477,478**	551,191

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 11)
Subsequent events (Note 12)

Approved on behalf of the Board of Directors:

"Jeffrey Stevens"
Jeffrey Stevens, Director

"Amanpreet Gill"
Amanpreet Gill, Director

Argyle Resources Corp.
Unaudited Condensed Interim Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended November 30, 2024, for the Three Months ended November 30, 2023, and for the Period from March 16, 2023 (Date of Incorporation) to November 30, 2023
(Expressed in Canadian Dollars)

	Three months ended November 30, 2024	Three months ended November 30, 2023	**Nine months ended November 30, 2024**	Period from Date of Incorporation on March 16, 2023, to November 30, 2023
	$	$	**$**	$
Expenses				
Professional fees	**19,414**	22,370	**206,145**	59,482
Consulting and director fees (Note 8)	**50,499**	5,500	**199,071**	20,310
Advertising and promotional expenses	**1,067,303**	-	**1,512,526**	-
General and administrative expenses	**45,293**	298	**49,515**	834
Exploration expenditures	**324,761**	30,576	**412,970**	155,183
Filing fees	**19,346**	-	**65,357**	-
Salaries and wages (Note 8)	**6,684**	-	**18,553**	-
Share-based compensation (Note 7)	**671,596**	-	**782,130**	-
Loss before Other Expenses	**(2,204,896)**	(58,744)	**(3,246,267)**	(235,809)
Other Expenses				
Premium on flow-through shares (Note 6)	**72,939**	**-**	**78,550**	-
Interest income	**5,580**	1,395	**20,962**	1,395
Impairment of mineral property (Note 5)	**-**	**-**	**(18,000)**	-
Listing cost	**(3,675)**	**-**	**(135,572)**	-
Foreign exchange gain	**(14,087)**	**-**	**(16,343)**	-
Total Other Income (Expenses)	**60,757**	1,395	**(70,403)**	1,395
Net Loss	**(2,144,139)**	(57,349)	**(3,316,670)**	(234,414)
Weighted Average Number of Shares	**30,851,565**	17,666,598	**25,719,723**	11,646,028
Net Loss per Share	**(0.069)**	(0.003)	**(0.129)**	(0.020)

Argyle Resources Corp.

Unaudited Condensed Interim Statements of Changes in Shareholders' Equity
For the Three and Nine Months Ended November 30, 2024, for the Three Months ended November 30, 2023, and for the Period from March 16, 2023 (Date of Incorporation) to November 30, 2023
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Shares to be issued	Reserve for warrants	Reserve for restricted share units	Contributed Surplus	Accumulated Deficit	Total
	#	$		$		$	$	$
Balance, March 16, 2023	**-**	**-**		-	-	-	-	-
Private placements - net (Note 7)	17,666,598	531,074	163,200	-	-	-	-	694,274
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(234,414)	(234,414)
Balance, November 30, 2023	**17,666,598**	**531,074**	**163,200**	**-**	**-**	**-**	**(234,414)**	**459,860**
Balance, February 29, 2024	**20,304,098**	**786,522**	**-**	**-**	**-**	**-**	**(320,546)**	**465,976**
Private placements (Note 7)	6,960,469	2,056,003	-	880,514	-	-	-	2,936,517
Unit issuance cost	-	(78,267)	-	-	-	-	-	(78,267)
Issuance of shares on Property Option (Note 5, 7)	750,000	75,000	-	-	-	-	-	75,000
Issuance of shares on Warrants exercise (Note 7)	7,385,166	1,364,151	-	(99,784)	-	-	-	1,264,367
Share-based compensation (Note 7)	-	-	-	-	190,919	591,211	-	782,130
Net loss for the period	-	-	-	-	-	-	(3,316,670)	(3,316,670)
Balance, November 30, 2024	**35,399,733**	**4,203,409**	**-**	**780,730**	**190,919**	**591,211**	**(3,637,216)**	**2,129,053**

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

Argyle Resources Corp.
Unaudited Condensed Interim Statements of Cash Flows
For the Three and Nine Months Ended November 30, 2024, for the Three Months ended November 30, 2023, and for the Period from March 16, 2023 (Date of Incorporation) to November 30, 2023
(Expressed in Canadian Dollars)

	Three months ended November 30, 2024	Three months ended November 30, 2023	**Nine months ended November 30, 2024**	Period from Date of Incorporation on March 16, 2023, to November 30, 2023
	$	$	**$**	$
Operating Activities				
Net loss for the period	**(2,144,139)**	(57,349)	**(3,316,670)**	(234,414)
Premium on flow-through shares (Note 6)	**(72,939)**	**-**	**(78,550)**	-
Share-based compensation (Note 7)	**671,596**	**-**	**782,130**	-
Impairment of mineral property (Note 5)	**-**	**-**	**18,000**	-
	(1,545,482)	(57,349)	**(2,595,090)**	(234,414)
Changes in non-cash working capital items:				
Prepaid expenses	**12,235**	31,892	**(312,861)**	-
Deferred listing costs	-	-	**62,972**	-
Accounts receivable	**(40,177)**	13,006	**(58,916)**	(5,619)
Accounts payable and accrued liabilities	**71,018**	(12,667)	**124,628**	1,509
Cash Flows used in Operating Activities	**(1,502,406)**	(25,118)	**(2,779,267)**	(238,524)
Investing Activities				
Payments for E&E Assets	**-**	**-**	**(167,321)**	(18,000)
Cash Flows used in Investing Activities	**-**	**-**	**(167,321)**	(18,000)
Financing Activities				
Private Placement Proceeds (Note 7)	**999,998**	163,200	**3,135,648**	696,532
Share issuance costs	**(60,266)**	**-**	**(60,266)**	(2,258)
Proceeds from warrant exercise (Note 7)	**1,122,067**	**-**	**1,264,367**	-
Cash Flows provided by Financing	**2,061,799**	163,200	**4,339,749**	694,274
Increase in Cash	**559,393**	138,082	**1,393,161**	437,750
Cash, beginning of Period	**1,294,425**	299,668	**460,657**	-
Cash, end of Period	**1,853,818**	437,750	**1,853,818**	437,750

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

1. Nature of Operations and Going Concern

Argyle Resources Corp. ("Argyle Resources" or the "Company") was incorporated in British Columbia under the British Columbia Corporations Act on March 16, 2023. The Company's head office is located 540 5 Ave SW, Suite 1410 Calgary, Alberta, T2P 0M2 and its registered and records office is located at 2300 – 550 Burrard Street, Vancouver, BC V6C 2B5.

The Company is in the process of exploring its exploration and evaluation properties and has not determined whether these properties contain mineral reserves which are economically recoverable. The recoverability of amounts shown for resource properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production from mining properties or proceeds from their disposition.

These unaudited condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. The application of the going concern basis is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. During the three and nine months ended November 30, 2024, the Company incurred a net loss of $2,144,139 and $3,316,670 respectively (2023 – $57,349 and $234,414, respectively), and as of that date, the Company's accumulated deficit was $3,637,216 (February 29, 2024 – accumulated deficit of $320,546). It is not possible to predict whether financing efforts will continue to be successful in the future or if the Company will attain profitable levels of operations. These conditions represent material uncertainties which may cast doubt on the Company's ability to continue as a going concern.

These unaudited condensed interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and interpretations of the IFRS Interpretations Committee. These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting ("IAS 34").

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

(b) Basis of Measurement

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

(c) Functional Currency

These financial statements are presented in Canadian dollars ("$" or "CAD"), which is also the functional currency of the Company.

2. Basis of Presentation (continued)

(d) Material Accounting Judgments, Estimates and Assumptions

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

Items for which actual results may differ materially from these estimates are described as follows:

Going concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends. Management believes there is sufficient capital to meet the Company's business obligations for at least the next 12 months, after taking into account expected cash flows, capital commitments, future financings and the cash position at period end.

Economic recoverability of future economic benefits of exploration and evaluation assets

Management has determined that exploration and evaluation ("E&E") assets and related costs incurred, which have been recognized on the statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

Technical feasibility and commercial viability

Management exercises judgment, in accordance with IFRS 6 – Exploration for and Evaluation of Mineral Resources ("IFRS 6"), to determine an accounting policy specifying which expenditures, if any, are capitalized as E&E assets, and to apply the policy consistently. E&E expenditures not capitalized as E&E assets are expensed as incurred. Once the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, an entity stops recording E&E expenditures for that mineral project, tests capitalized E&E assets (if any) for impairment and reclassifies those E&E assets to other applicable development-stage accounts. An assessment of technical feasibility and commercial viability is conducted on a project-by-project basis with regard to all relevant facts and circumstances. The nature and status of the mineral project is determined on the merits of the mineral project itself.

Fair value of financial assets and financial liabilities

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

2. Basis of Presentation (continued)

(e) Material Accounting Judgments, Estimates and Assumptions (continued)

Impairment

Long-lived assets, including property and equipment and intangible assets, are reviewed for indicators of impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is defined as the higher of: (i) value-in-use; or (ii) fair value less cost to sell. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Warrants, Stock Options and Restricted Share Units

Management determines the costs for share-based compensation on options to purchase common shares, share purchase warrants, and restricted share units (“RSUs”) using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgments are used in applying the valuation techniques. These assumptions and judgments include the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate. Such assumptions and judgments are inherently uncertain. Changes in these assumptions can affect the fair value estimates of share-based compensation.

Income taxes

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

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

Provisions

The Company recognizes provisions if there is a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and the obligation can be reliably estimated. The amount recognized as a provision reflects management’s best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Shares issued for non-cash consideration

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

(Expressed in Canadian Dollars)

3. Summary of Material Accounting Policies

The accounting policies applied by the Company in these unaudited condensed interim financial statements are the same as those disclosed in Note 3 of the Company's audited financial statements for the period from the date of incorporation on March 16, 2023, to February 29, 2024, unless otherwise noted.

Flow-Through Shares

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the year is disclosed separately.

The issuance of flow-through common shares results in the tax deductibility of the qualifying resource expenditures funded from the proceeds of the sales of such common shares being transferred to the purchasers of the shares. On the issuance of such shares, the Company bifurcates the flow-through shares into a flow-through share premium, equal to the estimated fair value of the premium that investors pay for the flow-through tax feature, which is recognized as a liability, and equity values of share capital and/or warrants. As related exploration expenditures are incurred, the Company derecognizes the premium liability and recognizes the related recovery.

Share-Based Payments – RSUs

The Company operates a RSUs Plan, where RSUs are granted to directors, employees and consultants from time to time. RSUs are measured at the fair value of the date of grant, based on the closing price of the Company's common shares on the date of grant. The fair value of stock-based compensation on RSUs is recognized as an expense with a corresponding increase in the reserve for RSUs over the vesting period.

4. Prepaid Expenses

	November 30, 2024	February 29, 2024
	$	$
Prepaid insurance	**24,861**	5,000
Exploration advances	**293,000**	-
	317,861	5,000

5. Exploration and Evaluation Assets

The following summarizes the movement of the Company's E&E assets for the period ended November 30, 2024 and 2023:

	November 30, 2024	February 29, 2024
	$	$
Balance, beginning of period	**18,000**	-
Exploration and evaluation expenditures	**242,321**	18,000
Impairment of mineral property	**(18,000)**	
Balance, end of period	**242,321**	18,000

Wintering Lithium Property, Ontario

On May 30, 2023 (the "Effective Date"), the Company entered into a purchase option agreement with Gravel Ridge Resources Ltd. ("Gravel") and 1544230 Ontario Inc. ("1544230") (together, the "Vendors") to acquire a one hundred percent (100%) undivided interest in the nine (9) mining claims in Ontario.

As consideration for the property, the Company is required to make cash payments of $90,000. The breakdown of payments and issuance of common shares are follows:

- Pay $18,000 upon signing the agreement (paid);
- Pay $18,000 on or before the first anniversary of the Effective Date;
- Pay $24,000 on or before the second anniversary of the Effective Date;
- Pay $30,000 on or before the third anniversary of the Effective Date;

5. Exploration and Evaluation Assets (continued)

On May 29, 2024, the Company provided notice to the Vendors of its decision not to advance with the property, and as such have written off the initial cash payment capitalized to mineral property. In accordance with the purchase option agreement, the Company has no further obligation to fund or incur expenditures or any other payments or amounts and will acquire no interest in the property.

Frenchvale Graphite Property, Nova Scotia

On June 5, 2023, the Company entered into a purchase option agreement with MT Cameron Mineral Incorporated ("MT") to acquire a one hundred percent (100%) interest in the mining claims in Nova Scotia (the "Frenchvale Property").

Subject to the terms and conditions set out in agreement, the MT grants to the Company the sole and exclusive right and option (the "Option") exercisable in the manner described herein, to acquire a 100% legal and beneficial interest in and to the Frenchvale Property free and clear of all encumbrances and claims, other than the permitted encumbrances, which interest shall be deemed to vest and be fully exercised on the date upon which each of following conditions has been satisfied:

- Work Program No. 1: On the date the first Work Program is approved - $150,000 (completed);
- Work Program No. 2: On or before May 27, 2025, i.e. twelve (12) months after the Listing Date - $250,000;
- Work Program No. 3: On or before May 27, 2026, i.e. twenty-four (24) months after the Listing Date - $1,000,000;
- Work Program No. 4: On or before May 27, 2027, i.e. thirty-six (36) months after the Listing Date - $3,000,000.

Upon the earning an one hundred percent (100%) legal and beneficial interest in and to the Frenchvale Property (subject to Permitted Encumbrances), the Company shall issue to the shareholders of MT pro rata to their respective holdings in MT, such number of common shares of the Company by means of a Section 85 Rollover in accordance with the Canada Income Tax Act, such that the shareholders of MT shall own forty percent (40%) of the then issued and outstanding common shares of the Company.

Charlevoix Silica Property, Quebec

On April 15, 2024, the Company entered into an agreement with Charlevoix Silica Inc / Silice Charlevoix Inc ("Charlevoix Silica"). pursuant to which the Company shall acquire one hundred (100%) percent of Charlevoix Silica's undivided legal and beneficial right, title and interest in and to mining claims in Quebec comprising the Charlevoix Silica Property.

As consideration for the property, the Company is required to make cash payments and issue common shares in accordance with the following schedule:

- • Pay $50,000 in cash on signing of the agreement. (Paid)
- • Pay $100,000 in cash (the "Remaining Cash Amount") (Paid)
- • Issue 750,000 common shares (Issued)

The Company completed the acquisition on June 21, 2024.

6. Flow-Through Share Liability

Flow-through share liability includes the liability portion of the flow-through shares issued at a premium to the market price in recognition of the tax benefits accruing to subscribers.

The flow-through premium was calculated to be $111,250 on the FT Private Placement (defined hereafter) completed on June 18, 2024, and will be derecognized through income as eligible expenditures are incurred. For the period ended November 30, 2024, the Company incurred eligible expenditures of $628,404, satisfying $78,550 of such premium.

The flow-through premium was calculated to be $105,882 on the November FT Private Placement (defined hereafter) completed on November 29, 2024, and will be derecognized through income as eligible expenditures are incurred.

As at June 30, 2024, the flow-through share liability is carried at a balance of $138,582.

(Expressed in Canadian Dollars)

7. Share Capital

(a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value. Common shares issued and outstanding as at November 30, 2024 are as follows:

	November 30, 2024	February 29, 2024
	$	$
Issued: 35,399,733 common shares (February 29, 2024 – 20,304,098 common shares)	**4,203,409**	786,522

Share capital activity for the three and nine months ended November 30, 2024

On June 21, 2024, the Company issued 750,000 common shares in connection with the acquisition of the Charlevoix Silica Property (see Note 5). These common shares were valued at $75,000.

On June 18, 2024, the Company completed a non-brokered private placement offering (the “Non-FT Private Placement”) of 3,559,000 units of the Company ("Units") at a price of $0.35 per Unit, for aggregate gross proceeds of $1,245,650. Each Unit consists of one common share of the Company (“Share”) and one Share purchase warrant (“Warrant”), with each Warrant entitling the holder to purchase one Share at an exercise price of $0.45 for a period of 24 months from the date of issuance. The Warrants were valued using Black-Scholes model with the following assumptions: expected volatility of 73.63% based on historical data and comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.82%, forfeiture rate of 0% and an expected life of two years. $788,007 was allocated to the Shares and $457,643 was allocated to Warrants based on a relative fair value calculation.

The Company also completed a non-brokered private placement offering (the “FT Private Placement,” and together with the Non-FT Private Placement, the “Private Placement Offerings”) of 2,225,000 flow-through units of the Company (“FT Units”) at a price of $0.40 per FT Unit, for aggregate gross proceeds of $890,000. Each FT Unit consists of one Share (“FT Share”) and one (non-flow-through) Share purchase warrant (“FT Warrant”), with each FT Warrant entitling the holder to purchase a (non-flow-through) Share at an exercise price of $0.50 for a period of 24 months from the date of issuance. The FT Warrants were valued using Black-Scholes model with the following assumptions: expected volatility of 73.63% based on historical data and comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.82%, forfeiture rate of 0% and an expected life of two years. $502,333 was allocated to the FT Shares, $276,417 was allocated to FT Warrants, and $111,250 was allocated to flow-through share liability based on a relative fair value calculation.

On November 29, 2024, the Company completed a non-brokered private placement offering (the “November FT Private Placement”) of 1,176,469 FT Units at a price of $0.85 per FT Unit, for aggregate gross proceeds of $999,998. Each FT Unit consists of one FT Share and one half of one FT Warrant, with each FT Warrant entitling the holder to purchase a Share at an exercise price of $1.05 for a period of 24 months from the date of issuance. The FT Warrants were valued using Black-Scholes model with the following assumptions: expected volatility of 76.53% based on historical data and comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.02%, forfeiture rate of 0% and an expected life of two years. $765,663 was allocated to the FT Shares, $128,453 was allocated to FT Warrants, and $105,882 was allocated to flow-through share liability based on a relative fair value calculation.

In connection with the November FT Private Placement, the Company granted underwriters 70,588 Finders’ Warrants with each Finders’ Warrant entitling the holder to purchase a Share at an exercise price of $1.05 for a period of 24 months from the date of issuance. The Finders’ Warrants were valued at $18,001 using Black-Scholes model with the following assumptions: expected volatility of 76.53% based on historical data and comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.02%, forfeiture rate of 0% and an expected life of two years. In addition, the Company paid total issuance costs of $60,266.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

Share capital activity for the period from incorporation on March 16, 2023, to November 30, 2023

In March 2023, the Company issued 2,000,000 shares at $0.005 for gross proceeds of $10,000.

In June 2023, the Company issued 8,666,600 shares at $0.02 for gross proceeds of $173,332.

In July 2023, the Company issued 6,999,998 units at $0.05 for gross proceeds of $350,000. Each unit consists of one share and one share purchase warrant. Each warrant will entitle the holder to purchase a share for a period of 24 months from the date on which common shares of the issuer begin to trade on the Canadian Securities Exchange at an exercise price of $0.10 per common share. The share issuance costs were $2,258. The Company has allocated 100% of proceeds to common shares and $Nil to share purchase warrants by applying the residual approach.

Basic and diluted loss per share

Basic and diluted loss per share is calculated by dividing the net loss of $2,144,139 and $3,316,670 for the respective three and nine months ended November 30, 2024 (2023 – $57,349 and $234,414, respectively) by the respective weighted-average number of common shares outstanding of 30,851,565 and 25,719,723 during the period (2023 – 17,666,598 and 11,646,028, respectively).

For the three and nine months ended November 30, 2024, the basic and diluted loss per share was $0.069 and $0.0129, respectively (2023 – basic and diluted loss of $0.003 and $0.020, respectively).

(b) Reserve for Share-Based Payments

The Company maintains the Option Plan whereby certain key employees, officers, directors and consultants may be granted stock options for common shares of the Company. The Option Plan provides that the aggregate number of securities reserved for issuance will be up to 10% of the number of the common shares issued and outstanding from time to time. The Option Plan is administered by the Board, which has full and final authority with respect to granting stock options thereunder. As at November 30, 2024, the Company had 2,039,973 common shares that are issuable under the Option Plan.

The following summarizes the options activity for the three and nine months ended November 30, 2024, and for the period from March 16, 2023 (date of incorporation) to November 30, 2023:

	November 30, 2024		November 30, 2023	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	$	#	$
Outstanding, beginning of period	-	-	-	-
Granted	**1,500,000**	**0.92**	-	-
Outstanding, end of period	**1,500,000**	**0.92**	-	-

Options activities for the three and nine months ended November 30, 2024

On August 12, 2024, the Company granted 1,500,000 options to certain directors and officers. The options are exercisable at a price of $0.92 per common share for a period of five years. The options vest quarterly in equal installments from the date of grant. The options were valued using a Black Scholes model with the following assumptions: expected volatility of 97.09% based on historical data and comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.01% and an expected life of five years. The grant date fair value attributable to these options was $1,024,805.

Date of expiry	**Number of options outstanding**	**Number of options exercisable**	**Exercise price**	**Weighted average remaining contractual life**
	#	#	$	Years
August 12, 2029	1,500,000	-	0.92	4.70
	1,500,000	**-**	**0.92**	**4.70**

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(b) Reserve for Share-Based Payments (continued)

During the three and nine months ended November 30, 2024, the Company recorded stock-based compensation of $480,677 and $591,211, respectively (2023 - $nil) related to the vesting of stock options.

(c) Reserve for Warrants

Warrant activities for the three and nine months ended November 30, 2024

On June 18, 2024, the Company issued 3,559,000 Warrants in connection with the closing of the Non-FT Private Placement, and 2,225,000 Warrants in connection with the closing of the FT Private Placement, as disclosed in Note 7(a).

On November 29, 2024, the Company issued 588,233 Warrants in connection with the closing of the November FT Private Placement, and 70,588 Finders' Warrants, as disclosed in Note 7(a).

Warrant activities for the period from incorporation on March 16, 2023, to November 30, 2023

In July 2023, the Company issued 6,999,998 Warrants in connection with a $0.05 private placement, as disclosed in Note 7(a).

During the three and nine months ended November 30, 2024, 811,500 Warrants were exercised for gross proceeds of $142,300.

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

	2024		2023	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of period	**9,637,498**	**0.13**	-	-
Granted	**3,559,000**	**0.45**	6,999,998	0.10
Granted	**2,225,000**	**0.50**	-	-
Granted	**658,821**	**1.05**		
Exercised	**(4,066,666)**	**0.10**	-	-
Exercised	**(2,542,500)**	**0.20**	-	-
Exercised	**(776,000)**	**0.45**		
Outstanding, end of period	**8,695,153**	**0.39**	6,999,998	0.10

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

Date of expiry	**Number of warrants outstanding**	**Exercise price**	**Weighted average remaining contractual life**
	#	**$**	**Years**
May 27, 2026	2,933,332	0.10	1.49
May 27, 2026	95,000	0.20	1.49
June 18, 2026	2,783,000	0.45	1.55
June 18, 2026	2,225,000	0.50	1.55
November 29, 2026	588,233	1.05	2.00
November 29, 2026	70,588	1.05	2.00
	8,695,153	**0.39**	**1.56**

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(b) Reserve for Restricted Share Units

During the three months ended November 30, 2024, the Company granted 250,000 RSUs to consultants of the Company. 200,000 RSUs vest on December 13, 2024, and the remaining 75,000 vest in equal installments every four months from the date of issuance.

During the three and nine months ended November 30, 2024, the Company recorded $190,919 as stock-based compensation in connection with the vesting of these RSUs (2023 - $nil).

8. Related Party Transactions

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

The remuneration of directors and other members of key management personnel during the three and nine months ended November 30, 2024, for the three months ended November 30, 2023, and for the period from March 16, 2023 (date of incorporation) to November 30, 2023 were as follows:

	Three months ended November 30, 2024	Three months ended November 30, 2023	**Nine months ended November 30, 2024**	Period from Date of Incorporation on March 16, 2023 to November 30, 2023
	$	$	**$**	$
Management salaries and consulting	**36,000**	2,500	**157,300**	12,500
Stock-based compensation	**480,677**	-	**591,211**	-
	516,677	2,500	**748,511**	12,500

During the three and nine months ended November 30, 2024, the Company incurred consulting fees of $nil and $66,000, respectively, with a company owned by the former CEO and director of the Company (2023 - $1,000 and $7,000, respectively). As at November 30, 2024, $nil is included in accounts payable and accrued liabilities related to these consulting fees (February 29, 2024 - $6.000).

During the three and nine months ended November 30, 2024, the Company incurred consulting fees of $24,000 and $56,000, respectively, with a company owned by the CEO and director of the Company (2023 - $nil)). As at November 30, 2024, $9,040 is included in accounts payable and accrued liabilities related to these consulting fees (February 29, 2024 - $nil).

During the three and nine months ended November 30, 2024, the Company incurred consulting fees of $nil and $300, respectively (2023 - $1,500 and $2,750, respectively) and director fees of $12,000 and $26,000, respectively, with companies owned by directors of the Company (period ended November 30, 2023 - $nil and $2,750, respectively). As at November 30, 2024, $1,050 is included in accounts payable and accrued liabilities related to director fees payable (February 29, 2024 - $525).

During the three and nine months ended November 30, 2024, the Company incurred salaries and wages expenses of $nil and $9,000, respectively, to the former CFO of the Company (period ended November 30, 2023 - $Nil).

The amounts due to the related parties are unsecured and without interest or stated terms of repayment.

Stock-based compensation

During the three and nine months ended November 30, 2024, the Company recorded stock-based compensation of $480,677 and $591,211, respectively in connection with the vesting of certain options previously granted to officers and directors (2023 – $nil).

(Expressed in Canadian Dollars)

9. Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain optimal returns to shareholders and benefits for its stakeholders. Although the Company has been successful in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable. The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

10. Risk Management

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held at reputable Canadian chartered banks and in trust with the Company's legal counsel, which is closely monitored by management. Management believes that the credit risk concentration with respect to cash is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company endeavors to have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

As at November 30, 2024, the Company had a cash balance of $1,853,818 (February 29, 2024 – $460,657) to settle current liabilities of $209,843 (February 29, 2024 – $85,215), and had the following contractual undiscounted obligations:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable and accrued liabilities	209,843	209,843	-	-

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they come due. The Company has undertaken several proposed restructuring initiatives and other corporate measures to rationalize its capital and debt structure to better position the Company for future opportunities and meet its obligations as they come due. Until these initiatives and efforts are finalized, there is no assurance that one or any of these initiatives will be successful.

Management believes there is sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash position as at November 30, 2024.

Flow-through obligations

Pursuant to the terms of flow-through share agreements, the Company is also in the process of complying with its flow-through obligations to subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As of November 30, 2024, the Company had spent a total of $628,404 on eligible expenditures towards its flow-through obligations, with a remaining balance of $1,261,596 to be spent by December 31, 2025.

10. Risk Management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at November 30, 2024, the Company had no financial instruments which are interest-bearing, and had no hedging agreements in place with respect to floating interest rates. Management believes that the interest rate risk concentration with respect to financial instruments is minimal.

Fair value

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

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

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at November 30, 2024, the Company did not have any financial instruments which were carried at fair value (February 29, 2024 – $nil).

11. Contingencies and Commitments

The Company's E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at November 30, 2024, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.

12. Subsequent events

On December 16, 2024, the Company issued 200,000 common shares on the exercise of RSUs.

On December 23, 2024, the Company completed a non-brokered private placement offering (the "December FT Private Placement") of 1,855,926 FT Units at a price of $0.54 per FT Unit, for aggregate gross proceeds of $1,002,200. Each FT Unit consists of one FT Share and one FT Warrant, with each FT Warrant entitling the holder to purchase a Share at an exercise price of $0.65 for a period of 24 months from the date of issuance.