



Windfall Geotek Inc.

Audited Consolidated Financial Statements

Years ended February 28, 2023 and February 28, 2022
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Windfall Geotek Inc.

Opinion

We have audited the accompanying consolidated financial statements of Windfall Geotek Inc. (the "Company"), which comprise the consolidated statement of financial position as at February 28, 2023, and the consolidated statements of operations, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$934,154 during the year ended February 28, 2023 and has an accumulated deficit of \$49,466,114 as at February 28, 2023. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of Windfall Geotek Inc. for the year ended February 28, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on June 30, 2022.

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 current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to be communicated in our auditor's report.



Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 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 Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

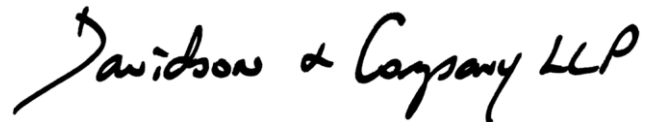
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 Peter Maloff.

A handwritten signature in black ink that reads "Davidson & Caspary LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

June 28, 2023

Windfall Geotek Inc.
Consolidated Statements of Financial Position
For the years ended February 28, 2023 and February 28, 2022
(Expressed in Canadian Dollars)

	Note	February 28, 2023	February 28, 2022
Current Assets			
Cash		\$ 1,282,810	\$ 1,873,426
Amounts receivable	6	186,136	25,518
Prepaid expenses		27,675	-
Marketable securities	7	1,018,364	1,263,490
Subscriptions paid	7	-	100,000
		<u>2,514,985</u>	<u>3,262,434</u>
Non-current assets			
Office equipment	8	11,541	18,249
Intangible asset – CARDS	5	-	1
Exploration and evaluation assets	9	1	1
		<u>11,542</u>	<u>18,251</u>
TOTAL ASSETS		<u>\$ 2,526,527</u>	<u>\$ 3,280,685</u>
Liabilities			
Accounts payable and accrued liabilities	10	\$ 99,304	\$ 131,325
CEBA loan	11	-	10,000
		<u>99,304</u>	<u>141,325</u>
Equity			
Share capital	12	42,914,048	42,832,254
Contributed surplus	12	7,510,535	7,543,196
Warrants	12	1,468,754	1,777,821
Deficit		(49,466,114)	(49,013,911)
		<u>2,427,223</u>	<u>3,139,360</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 2,526,527</u>	<u>\$ 3,280,685</u>

Events after the reporting period (Note 21)

Approved by the Board of Directors:

“Simran Kamboj”
Director

“Dinesh Kandanchatha”
Director

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

Windfall Geotek Inc.
Consolidated Statements of Operations
For the years ended February 28, 2023 and February 28, 2022
(Expressed in Canadian Dollars)

	Note	2023	2022
Revenue			
AI services		\$ 658,459	\$ 571,412
Operating expenses			
Amortization and depreciation	5 & 8	(6,709)	(156,707)
Commissions – CARDS and property	5	(16,500)	(21,700)
Exploration and evaluation expenditures	9	(97,675)	(1,014,086)
General and administration	14 & 15	(1,386,384)	(3,014,234)
Share-based compensation	12 & 15	(159,017)	(1,308,897)
		<u>(1,666,285)</u>	<u>(5,515,624)</u>
Operating loss		<u>(1,007,826)</u>	<u>(4,944,212)</u>
Unrealized gain (loss) on marketable securities	7	(480,045)	(443,939)
Gain on sale of marketable securities	7	142,548	-
Gain on disposal of mining assets	9	385,000	30,000
Gain on CEBA loan	11	10,000	-
Other revenue		16,169	(10,000)
		<u>73,672</u>	<u>(423,939)</u>
Net Loss and comprehensive loss for the year		<u>\$ (934,154)</u>	<u>\$ (5,368,151)</u>
Weighted average number of outstanding common shares			
Basic and diluted		133,339,190	123,721,712
(Loss) per share			
Basic and diluted		\$ (0.01)	\$ (0.04)

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

Windfall Geotek Inc.
Consolidated Statements of Changes in Equity
For the years ended February 28, 2023 and February 28, 2022
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital (Note 12)	Subscriptions Received (Note 12)	Contributed Surplus (Note 12)	Warrants (Note 12)	Deficit	Total Equity
Balance, February 28, 2021	110,065,548	\$ 39,582,545	\$ 100,000	\$ 6,285,441	\$ 633,614	\$ (43,645,760)	\$ 2,955,840
Issued in private placements	10,000,080	3,500,028	(100,000)	-	-	-	3,400,028
Warrants issued in private placements	-	(1,408,398)	-	-	1,408,398	-	-
Share issue costs	-	(37,554)	-	-	-	-	(37,554)
Warrants exercised	11,880,000	1,089,991	-	-	(264,191)	-	825,800
Options exercised	750,000	105,642	-	(51,142)	-	-	54,500
Share-based compensation	-	-	-	1,308,897	-	-	1,308,897
Net loss and comprehensive loss for the year	-	-	-	-	-	(5,368,151)	(5,368,151)
Balance, February 28, 2022	132,695,628	42,832,254	-	7,543,196	1,777,821	(49,013,911)	3,139,360
Warrants exercised	900,000	81,794	-	-	(18,794)	-	63,000
Expired options	-	-	-	(191,678)	-	191,678	-
Expired warrants	-	-	-	-	(290,273)	290,273	-
Share-based compensation	-	-	-	159,017	-	-	159,017
Net loss and comprehensive loss for the year	-	-	-	-	-	(934,154)	(934,154)
Balance, February 28, 2023	133,595,628	\$ 42,914,048	\$ -	\$ 7,510,535	\$ 1,468,754	\$ (49,466,114)	\$ 2,427,223

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

Windfall Geotek Inc.
Consolidated Statements of Cash Flows
For the years ended February 28, 2023 and February 28, 2022
(Expressed in Canadian Dollars)

	2023	2022
Operating activities		
Net loss for the year	\$ (934,154)	\$ (5,368,151)
Items not affecting cash:		
Amortization and depreciation	6,709	156,707
Unrealized loss (gain) on marketable securities	480,045	443,939
Bad debt expense	45,000	-
Revenue received as common shares	(20,000)	(169,250)
Other income received as common shares	(16,169)	-
Gain on disposal of mining assets	(385,000)	-
Gain on sale of marketable securities	(142,548)	-
Gain on CEBA loan	(10,000)	-
Share-based compensation	159,017	1,308,897
	<u>(817,100)</u>	<u>(3,627,858)</u>
Changes in working capital items:		
Amounts receivable	(205,618)	(1,667)
Prepaid expenses	(27,675)	117,605
Subscription paid	-	(100,000)
Accounts payable and accrued liabilities	(32,021)	3,651
Contract liabilities	-	(79,000)
Cash flows used in operating activities	<u>(1,082,414)</u>	<u>(3,687,269)</u>
Investing activities		
Purchase of marketable securities	(190,000)	(170,000)
Proceeds on disposal of mining assets	320,000	-
Proceeds received on disposition of marketable securities	298,798	-
Purchase of office equipment	-	(3,802)
Cash flows provided by (used in) investing activities	<u>428,798</u>	<u>(173,802)</u>
Financing activities		
Issuance of common shares, net of share issuance costs	-	3,362,474
Exercise of options	-	54,500
Proceeds received for exercise of warrants	63,000	825,800
Repayment of CEBA loan	-	(25,000)
Cash flows provided by financing activities	<u>63,000</u>	<u>4,217,774</u>
Net change in cash	(590,616)	356,703
Cash, beginning of year	<u>1,873,426</u>	<u>1,516,723</u>
Cash, end of year	<u>\$ 1,282,810</u>	<u>\$ 1,873,426</u>

Non cash investing and financing activities consist of the receipt of marketable securities valued at \$65,000 in consideration for the sale of mining assets during the year ended February 28, 2023.

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

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

1. NATURE OF AND CONTINUANCE OF OPERATIONS

Windfall Geotek Inc. ("Windfall" or the "Company") was incorporated under the Canada Business Corporations Act (Alberta) on February 23, 1996. The nature of operations involves the acquisition, exploration and development of mineral resource properties. Windfall Geotek Inc. and its subsidiaries (hereinafter the "Company") are in the exploration stage and do not derive any revenue from the development of their properties. The Company also offers artificial intelligence software services to help clients identify high-potential targets. The Company is exploring a new business model through which it will advance its' projects using the Company's artificial intelligence software platform. This transition from pure service revenues to service revenues plus asset accumulation is part of the Company's strategy to maximize returns to investors.

The Company's common shares are listed on the TSX Venture Exchange ("TSX.V") (the "Exchange") under the symbol WIN. The Company obtained a listing on the OTCQB effective October 21, 2020 under the symbol WINKF.

The Company's office is located at 7005 Taschereau Boulevard Suite 265, Brossard, Quebec, Canada, J4Z 1A7.

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, indigenous claims, and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These consolidated financial statements have been prepared by management on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the year ended February 28, 2023, the Company incurred a net loss of \$934,154 (2022 - \$5,368,151) and an accumulated deficit of \$49,466,114 as at February 28, 2023 (2022 - \$49,013,911). As at February 28, 2023, the Company has working capital of \$2,415,681 (2021 - \$3,121,109). The continuing operations of the Company are dependent upon its ability to continue to raise adequate equity financing in the future and repay its liabilities arising from normal business operations as they become due. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements were approved and authorized for issue by the board of directors on June 28, 2023.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

3. BASIS OF PREPERATION

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. The consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

4. SIGNIFICANT ACCOUNTING POICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a) *Basis of consolidation*

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Windfall is the group's ultimate parent company. The parent controls a subsidiary if it is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All transactions and balances between companies are eliminated upon consolidation, including unrealized gains and losses on transactions between companies.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POICIES (cont'd...)

a) *Basis of consolidation (continued)*

The following companies have been consolidated within these consolidated financial statements:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Private Ontario Corp.	Ontario, Canada	100%	Holding company
Tropic Diamonds Inc.	Ontario, Canada	100%	Holding company
Ampanihy Resources S.A.R.L	Madagascar	100%	Holding company
SIMACT Alliance Copper Gold Inc.	Montreal, Canada	100%	Exploration company

b) *Foreign currency and foreign currency translation*

These consolidated financial statements are presented in Canadian dollars. The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates (the “functional currency”). Windfall’s functional currency is the Canadian dollar. The functional currency of all of the subsidiaries is the Canadian dollar. The functional currencies have remained unchanged during 2023 and 2022.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date; non monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates of exchange prevailing at the date the fair value was determined; and, non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Such exchange differences arising from retranslation at period end are recognized in net income or loss.

c) *Jointly controlled exploration operations*

Joint arrangements are arrangements where the Company has joint control through a contractually agreed sharing of control arrangement. Joint control exists when decisions about the relevant activities require the unanimous consent of parties sharing control. Arrangements are classified and recognized as follows:

- Joint operations – when the Company has rights to assets, and obligations for the liabilities, relating to the joint arrangement and recognizes its share of the assets, liabilities, revenue, and expenses of the joint operations; and
- Joint venture – when the Company has rights to the net assets of the joint arrangement and recognizes its interest using the equity method.

d) *Financial instruments*

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are classified and measured at amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVTOCI”).

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POICIES (cont'd...)

d) *Financial instruments (continued)*

The Company's financial instruments are classified and subsequently measured as follows:

Financial Assets	Classification
Cash	Amortized cost
Amounts receivable (*)	Amortized cost
Marketable securities	FVTPL
Subscription paid	Amortized cost
Financial Liabilities	
Accounts payables and accrued liabilities	Amortized cost
CEBA loan payable	Amortized cost

(*) excluding G/QST

The classification of financial assets is based on how the entity manages its financial instruments and contractual cash flow characteristics of the financial asset. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of operations.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. These are classified in current assets, except for the portion expected to be realized or paid beyond twelve months of the consolidated statements of financial position date, if any, which are classified as non-current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value.

Impairment of financial assets and contract assets

The Company recognizes loss allowances for expected credit losses ("ECL") on:

- financial assets measured at amortized cost; and
- contract assets (as defined in IFRS 15).

The Company measures loss allowances on amounts receivable at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

d) *Financial instruments (continued)*

Impairment of financial assets and contract assets (continued)

- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the consolidated statements of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities.

e) *Impairment of non-financial assets and intangible assets with a finite useful life*

The Company assesses office equipment and intangible assets – CARDS for impairment when facts and circumstances suggest that the carrying amount of these assets is impaired. An impairment review is undertaken when indicators of impairment arise.

Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are largely independent cash inflows (Cash-generating units or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in profit or loss.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POICIES (cont'd...)

f) *Revenue recognition*

Revenue is recognized at the point in time when the customer obtains control of the service. Control is achieved when the service is performed for the customer, the Company has a present right to payment for the service, significant risks and rewards of ownership have transferred to the customer according to contract terms and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

The Company specializes in data mining, profiling, prediction and targeting and provides statistical and information consulting services and relevant analysis and reports to its customers. The Company's performance obligation relates to the creation and delivery of a report and map of layer (the "report") to the customer.

If the Company transfers control of the report over time, the Company satisfies the performance obligation and recognizes revenue over time as the contract is being completed. Control is achieved during the report preparation process, when the Company has a present right to payment for services performed to date and significant risks and rewards of ownership have been transferred to the customer according to contract terms and there is no unfulfilled obligation that could affect the customer's acceptance of the report.

The Company generally receives payment in two lump sum fee amounts:

- A non-refundable amount (typically 75% to 80%) payable upon execution of the Services Agreement (the "SA"); and
- The balance upon delivery of the report to the customer.

If the Company has received payment for revenues where the performance obligation has not been satisfied, the amount received is recognized as a contract liability in the consolidated statements of financial position until the performance obligation is satisfied.

Contract balances

Contract assets are recognized when goods or services are transferred to customers before consideration is received or before the Company has an unconditional right to payment for performance completed to date. Contract assets are subsequently transferred to receivables when the right of payment becomes unconditional. Contract liabilities are recognized when amounts are received from customers in advance of transfer of goods or services. Contract liabilities are subsequently recognized in revenue as or when the Company performs under contracts.

g) *Office equipment*

Office equipment is comprised of computer equipment and is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, applicable borrowing costs, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are charged to the consolidated statement of operations during the period in which they are incurred.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POICIES (cont'd...)

g) Office equipment (continued)

Depreciation is recognized based on the cost of an item of equipment, less its estimated residual value, over its expected useful life.

Depreciation:

<u>Category</u>	<u>Years</u>	<u>Method</u>
Computer equipment	5	Straight line

h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of operations in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of operations when the asset is derecognized.

Amortization:

<u>Category</u>	<u>Years</u>	<u>Method</u>
CARDS Software	5	Straight line

i) Exploration and evaluation assets and exploration and evaluation expenditures

All of the Company's projects are currently in the exploration and evaluation phase.

All exploration and evaluation expenditures are expensed in the consolidated statement of operations. Development costs relating to specific properties are capitalized once management has made a development decision.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POICIES (cont'd...)

j) Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions or contingent liabilities as at February 28, 2023 and February 28, 2022.

The Company's exploration and evaluation operations are governed by government environmental protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with the current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is a constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

The CARDS services warranty with respect to the quality of the report limits the Company's liability to the specific performance of a second time good faith and best efforts reprocessing of the customer's data using CARDS. The Company can either correct defects without any additional charge or effect an equitable reduction of the price paid or payable for the services and report, provided that the customer gives written notice of the defect within 30 days from the date that it becomes aware of the defect.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

k) Equity-settled share-based payment transactions

The Company operates equity-settled share-based remuneration plans (share options plans) for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. Occasionally, the Company issues warrants to brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless fair value cannot be reasonably estimated reliably. Where employees are rewarded using share-based payments, the fair value of the services rendered by the employees or a consultant providing similar services as employees is determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POICIES (cont'd...)

k) Equity-settled share-based payment transactions (continued)

No adjustment is made to any expense recognized in the prior period if the number of share options ultimately exercised is different from that estimated on vesting. Share-based payments incorporate an expected forfeiture rate.

All equity-settled share-based payments under equity-settled share-based payment plans, except warrants to brokers, are ultimately recognized as an expense in profit or loss with a corresponding credit to the contributed surplus reserve, in equity. At the same time, upon exercise of a share option, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in the contributed surplus reserve are then transferred to share capital. Warrants issued to brokers are recognized as an issuance cost of equity instruments with a corresponding credit to the warrants reserve, in equity.

l) Equity

Share capital represents the amount received upon the share issuance, less issuance costs, net of any underlying income tax benefit from these issuance costs. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded in the contributed surplus and warrants reserves.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the proportional method.

Flow-through shares

The Company periodically issues flow-through shares to fund Canadian exploration programs with any resulting flow-through premium recorded as a flow-through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of flow-through premium is recorded as income. Based on Canadian tax law, the Company is required to spend the amounts raised on eligible exploration expenditures by the end of the year subsequent to the date the expenditures were renounced.

Other elements of equity

Reserves include the contributed surplus reserve and the warrants reserve.

Contributed surplus includes charges related to stock options. When stock options are exercised or expire, the related compensation costs are transferred to share capital.

Warrants include the fair value on the issuance of warrants. When warrants are exercised, the related amount is transferred to share capital. Any revaluation of warrants based on the extension of the warrants' life, modification of exercise price, etc., issued in prior years are recorded directly in deficit. Deficit includes all current and prior period profits or losses.

m) Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POICIES (cont'd...)

m) Income tax (continued)

Current income tax assets and/or liabilities are the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

However, since the Company currently has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets and liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

n) Earnings (loss) per share

The Company presents basic and diluted earnings(loss) per share data for its common shares, calculated by dividing the earnings(loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings(loss) per share is determined by adjusting the earnings(loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted earnings(loss) per share does not include the effect of stock options and warrants as they are anti-dilutive.

o) Segmented reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors.

The Company has determined that it operates in two segments, being acquisition, exploration and development of mineral properties for economically recoverable reserves in Canada and generating revenue from providing services using the CARDS.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

p) Standards, amendments and interpretations not yet effective

There are currently no standards not yet effective that would have a material impact on the Company's financial statements.

q) Critical Accounting Estimates and Judgments

Significant estimates, judgements and assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from estimates, judgements and assumptions made, relate to, but are not limited to, the following:

Estimates

- The assessment of the ultimate collectability of accounts receivable and the determination of expected credit losses;
- The assessment of the timing of revenue recognition and the determination of contract liabilities; and
- The estimation of share-based compensation requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share price, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.
- The estimate of fair value on investments in private companies using level 2 fair value inputs and fair value of warrants using level 3 fair value inputs.

Judgements

- The determination that no material restoration, rehabilitation and environmental obligations and liabilities existed based on the facts and circumstances; and
- The assessment of the Company's ability to execute its strategy by funding future working capital. Further information regarding going concern is outlined in Note 1.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

5. INTANGIBLE ASSETS - CARDS

On March 13, 2017, the Company signed an Asset Purchase Agreement (the “Agreement”) with Diagnos Inc. (“Diagnos”) for the purchase of the assets from Diagnos’ mining division, including the Computer Aided Resources Detection System (the “CARDS”). Pursuant to the Agreement, the Company will remit to Diagnos (i) 50% of any payment that the Company receives from the royalty agreements forming part of the acquired assets; and (ii) 5% of revenues generated by the commercialization of the CARDS in the mining sector activity.

Since acquiring CARDS, the Company determined that CARDS was not adequate and developed its own internal AI software, which is utilized when performing AI services for the Company’s clients. As a result, the Company has not been using CARDS in its operations. (Note 20).

As at February 28, 2023, CARDS was fully amortized to \$nil (February 28, 2022 - \$1).

	February 28, 2023	February 28, 2022
Cost:		
Balance, beginning and end of year	\$ 750,000	\$ 750,000
Accumulated depreciation:		
Balance, beginning of year	(749,999)	(600,000)
Additions during the year	(1)	(149,999)
Balance, end of year	(749,999)	(749,999)
Net book value:		
Balance, beginning of year	1	150,000
Decrease during the year	(1)	(149,999)
Balance, end of year	\$ -	\$ 1

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

6. ACCOUNTS RECEIVABLE

	February 28, 2023	February 28, 2022
Trade receivables	\$ 216,572	\$ -
Option payment receivable	-	10,000
GST/QST receivable	14,564	25,518
	231,136	35,518
Allowance for doubtful accounts	(45,000)	(10,000)
Balance, end of year	\$ 186,136	\$ 25,518

7. MARKETABLE SECURITIES

Marketable securities consist of equity securities of customers purchased by the Company or received as option payments, which the Company does not have control or significant influence over.

As at February 28, 2023 and 2022, the change in marketable securities is as follows:

	February 28, 2023	February 28, 2022
Balance, beginning of year	\$ 1,263,490	\$ 1,368,179
Purchases	190,000	170,000
Subscriptions received	100,000	-
Received as revenue	20,000	169,250
Received as other income	16,169	-
Received on the disposal of mining assets	65,000	-
Dispositions	(156,250)	-
Unrealized gain (loss) on marketable securities	(480,045)	(443,939)
Balance, end of year	\$ 1,018,364	\$ 1,263,490

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

7. MARKETABLE SECURITIES (cont'd...)

As at February 28, 2023, the Company held the following marketable securities:

Company	Shares Held	Cost	Fair Value
Big Tree Carbon Inc	700,000	\$ 96,000	\$ 38,500
Blue Thunder Mining Inc. *	265,957	50,000	13,298
Canadian Copper Inc	64,676	16,169	7,114
Catalyst Mines Inc. (private)	1,000,000	100,000	100,000
Dryden Gold Corp (private)	80,000	20,000	20,000
BWR Exploration Inc.	1,500,000	75,000	45,000
Power Nickel Inc.	750,000	75,000	228,750
Flow Metals Corp.	110,000	115,000	12,100
Pacton Gold Inc.	145,833	175,000	26,250
Platinex Inc	1,000,000	50,000	40,000
Playfair Mining Ltd.	2,000,000	100,000	130,000
Puma Exploration Inc.	1,200,000	215,000	222,000
MacDonald Mines Exploration **	300,000	120,000	27,000
Nine Mile Metals Ltd.	232,143	65,000	66,161
Quebec Precious Metals Corporation	562,553	123,762	42,191
		\$ 1,395,931	\$ 1,018,364

* On December 16, 2022, Blue Thunder Mining Inc. completed a 4.7:1 share consolidation. As a result, the Company's share position was reduced from 1,250,000 shares to 267,957 shares.

** On December 8, 2022, MacDonald Mines Exploration completed a 10:1 share consolidation. As a result, the Company's share position was reduced from 3,000,000 shares to 300,000 shares.

As at February 28, 2022, the Company held the following marketable securities:

Company	Shares Held	Cost	Fair Value
Big Tree Carbon Inc	700,000	\$ 96,000	\$ 154,000
Blue Thunder Mining Inc.	1,250,000	50,000	31,250
BWR Exploration Inc.	1,500,000	75,000	37,500
Dios Exploration Inc	1,000,000	91,250	60,000
Power Nickel Inc.	1,400,000	140,000	224,000
Flow Metals Corp.	1,100,000	115,000	38,500
Pacton Gold Inc.	145,833	175,000	53,230
Playfair Mining Ltd.	2,000,000	100,000	200,000
Puma Exploration Inc.	500,000	75,000	255,000
MacDonald Mines Exploration	3,000,000	120,000	120,000
Quebec Precious Metals Corporation	562,553	123,762	90,010
		\$ 1,161,012	\$ 1,263,490

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

7. MARKETABLE SECURITIES (cont'd...)

- During the year ended February 28, 2023, Puma Exploration Inc. (“Puma”) accelerated the expiry of their warrants. As a result, the Company exercised 700,000 warrants with an exercise price of \$0.20 (\$140,000) and received 700,000 common shares of Puma.
- On May 4, 2022, the Company subscribed for 1,000,000 units of Platinex Inc. (“Platinex”) for a price of \$0.05 per unit (\$50,000). Each unit consisted of one common share and one-half share purchase warrant (500,000 whole warrants). Each whole warrant is exercisable into one common share of Platinex at an exercise price of \$0.07 for a period of two years.
- During the year ended February 28, 2023, the Company received 80,000 shares of Dryden Gold Corp. (\$20,000) for consideration for services.
- During the year ended February 28, 2023, the Company received 232,143 shares of Nine Mile Metals Ltd. (\$65,000) as consideration for the transferring of claims, which is included in other income.
- During the year ended February 28, 2023, Puma distributed its’ share holdings in Canadian Copper Inc. (“Canadian Copper”) to its’ shareholders. As a result, the Company received 64,676 shares of Canadian Copper valued at \$16,169, which is included in other income.
- During the year ended February 28, 2023, the Company disposed of 1,000,000 shares of Dios Exploration Inc, with a cost base of \$91,250, for total proceeds of \$115,478, realizing a gain on the sale of marketable securities of \$24,228.
- During the year ended February 28, 2023, the Company disposed of 650,000 shares of Power Nickel Inc., with a cost base of \$65,000, for total proceeds of \$183,321, realizing a gain on the sale of marketable securities of \$118,321.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

7. MARKETABLE SECURITIES (cont'd...)

As at February 28, 2023, the Company held the following share purchase warrants that are exercisable into one common share of the on marketable securities:

Company	Warrants	Exercise price	Expiry Date
MacDonald Mines Exploration	150,000	\$ 0.70	November 9, 2023
Catalyst Mines Ltd.	500,000	\$ 0.20	January 3, 2024
Platinex Inc.	500,000	\$ 0.07	May 4, 2024
Blue Thunder Mining Inc.	265,957	\$ 0.33	December 29, 2024
Dios Exploration Inc.	250,000	\$ 0.10	August 12, 2026

During the year ended February 28, 2022, the Company had subscribed for 1,000,000 units of Catalyst Mines Inc. ("Catalyst") for \$0.10 per unit for a total of cost of \$100,000 that was included in subscriptions paid. During the year ended February 28, 2023, the Company received the units from Catalyst and the common shares are now included in marketable securities.

8. OFFICE EQUIPMENT

	February 28, 2023	February 28, 2022
Cost:		
Balance – Beginning of year	\$ 33,548	\$ 29,746
Additions during the year	-	3,802
Balance, end of year	33,548	33,548
Accumulated depreciation:		
Balance, beginning of year	(15,299)	(8,591)
Additions during the year	(6,708)	(6,708)
Balance, end of year	(22,007)	(15,299)
Net book value:		
Balance, beginning of year	18,249	21,155
Decrease during the year	(6,708)	(2,906)
Balance, end of year	\$ 11,541	\$ 18,249

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS

Ashuanipi

On February 21, 2020, amended April 21, 2020, the Company entered into the Properties Option Agreement on the Ashuanipi Project (the "Option Agreement") with private company Flow Metals Corp. ("FM") pursuant to which FM was granted a sole and exclusive option to acquire a 100% undivided interest in the Company's rights, title and interest to certain claims comprising the Ashuanipi Gold Property.

On February 16, 2022, FM provided notice to the Company that it was returning the property and cancelling the Option Agreement.

During the year ended February 28, 2022, the Company received a \$30,000 cash payment from FM in connection with the Option Agreement and recognized a corresponding gain on disposal of mining assets.

Chapais

On September 30, 2021, the Company entered into a property option agreement ("Option Agreement 2") with a private company ("GPR"), pursuant to which GPR was granted the option to earn up to an undivided 90% interest to certain claims comprising the Chapais project in consideration for a series of payments to the Company consisting of cash and common shares of GPR.

During the year ended February 28, 2022, the Company invested \$10,000 in common shares of GPR. GPR has not met the obligations of Option Agreement 2 and has been unresponsive. As a result, the Company wrote off the \$10,000 during the year ended February 28, 2022. It is uncertain whether the terms of the property option agreement will be fulfilled.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Corallen Lake

On July 16, 2021, the Company entered into a property option agreement (“Option Agreement 3”) with Golden Eye Resources Corp. (“GER”), pursuant to which GER was granted the option to earn up to an undivided 95% interest in certain claims comprising the Corallen Lake property in consideration for a series of payments to the Company consisting of cash and common shares of GER.

GER has not met the obligations of the property option agreement and has been unresponsive. It is uncertain whether the terms of the property option agreement will be fulfilled.

Marshall Lake

On March 17, 2022, the Company entered into a property option agreement with a private Canadian company (“Private-Co”), pursuant to which Private-Co was granted the option to earn up to an undivided 90% interest in certain claims comprising the Marshall Lake property. In order for Private-Co to acquire an undivided 90% interest in the claims, it must:

- Pay \$10,000 (received) in cash to the Company and incur \$75,000 in exploration expenditures within 30 days following the effective date of the option agreement whereafter the optionee shall have earned 20% legal interest in the property;
- On or before March 17, 2023, pay \$10,000 (received) in cash to the Company and incur an additional \$100,000 in exploration expenditures whereafter the optionee shall have earned 40% legal interest in the property; and
- On or before March 17, 2024, pay \$10,000 in cash to the Company and incur an additional \$150,000 in exploration expenditures whereafter the optionee shall have earned 90% legal interest in the property.

Upon exercise of the option, the Company shall become entitled to a 2% NSR.

Upon conclusion of the option period, the Company and Private-Co will negotiate and enter into a joint venture agreement regarding the development and exploitation of the property.

Ring of Fire, Northern Ontario

On March 18, 2022, the Company sold claims in northern Ontario for total proceeds of \$300,000 cash (received) plus a 2% NSR. The purchaser can buy back 1% of the NSR for \$1,000,000.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Ontario Claims 1 – Burnt Bush

On August 17, 2022, the Company entered into a property option agreement with a private Canadian company (“the Optionee”), pursuant to which the Optionee was granted the option to earn up to a 100% interest in certain claims in the province of Ontario. In consideration for a series of payments to the Company consisting of cash and common shares along with exploration expenditures.

Subsequent to February 28, 2023, the Optionee provided notice to the Company that they would not be exercising their option to earn 100% of the claims.

Ontario Claims 2 – Barnett

On August 17, 2022, the Company entered into a property option agreement with the Optionee, pursuant to which the Optionee was granted the option to earn up to a 100% interest in certain claims in the province of Ontario. In consideration for a series of payments to the Company consisting of cash and common shares along with exploration expenditures.

Subsequent to February 28, 2023, the Optionee provided notice to the Company that they would not be exercising their option to earn 100% of the claims.

New Brunswick

On January 11, 2023, the Company entered into an agreement to sell a New Brunswick mineral claim to Nine Mile Metals Ltd. for total consideration of \$65,000 payable in common shares (232,143 common shares - received) plus a 2% NSR. The purchaser can buy back 1% of the NSR for \$500,000.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Ontario properties

At February 28, 2023, the Company owns a 100% interest in a total of 5,945 claims in the province of Ontario.

Quebec properties

At February 28, 2023, the Company owns a 100% interest in a total of 1,193 claims in the province of Quebec.

New Brunswick properties

At February 28, 2023, the Company owns a 100% interest in a total of 5 claims in the province of New Brunswick.

During the years ended February 28, 2023 and 2022, the Company incurred the following exploration expenses:

	February 28, 2023	February 28, 2022
Claim staking	\$ 20,192	\$ 432,487
Geological consulting	77,483	121,599
Geophysics	-	460,000
	\$ 97,675	\$ 1,014,086

10. ACCOUNTS PAYABLE

	February 28, 2023	February 28, 2022
Accounts payable (Note 16)	\$ 69,304	\$ 52,158
Accrued liabilities	30,000	79,167
	\$ 99,304	\$ 131,325

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

11. CEBA LOAN

On April 27, 2020, the Company received a \$40,000 loan (“Principal”). During the initial term expiring on December 31, 2023, the Company is not required to repay any portion of the loan and no interest will be paid. The loan can be repaid at any time without penalty. If the Company repays at least 75% of the loan on or before December 31, 2023, the remaining balance of the loan will be forgiven (“Early Repayment Forgiveness”). During the year ended February 28, 2023, the Company completed the repayment of 75% of the Principle and recognized a gain on CEBA loan of \$10,000 relating to the amount of the Early Payment Forgiveness.

12. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued and outstanding

As at February 28, 2023, the issued share capital was comprised of 133,595,628 (February 28, 2022 – 132,695,628) common shares.

During the year ended February 28, 2023, the Company issued common shares as follows:

- On June 12, 2022, 900,000 warrants with an exercise price of \$0.07 were exercised for total proceeds of \$63,000. As a result, \$18,794 was allocated to share capital from warrant reserve.

During the year ended February 28, 2022, the Company issued common shares as follows:

- On March 17, 2021, the Company completed a non-brokered private placement by issuing 10,000,080 units of the Company for gross proceeds of \$3,500,000. Each unit consists of (i) one common share at a price of \$0.35 per common share and (ii) one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of \$0.50 per common share for a period of 24 months expiring on March 17, 2023.

In connection with the private placement, the Company paid total cash issuance costs of \$37,554.

The 10,000,080 warrants issued in connection with this private placement have been recorded at a value of \$1,408,398 based on the proportional method using the Black Scholes pricing model, using the following assumptions: share price of \$0.38, an average exercise price of \$0.50, risk free interest rate of 0.27%, expected life of warrants of 2 years, annualized volatility rate of 150% and a dividend rate of 0%.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

12. SHARE CAPITAL (cont'd...)

- On March 9, 2021, 100,000 stock options were exercised at a price of \$0.09 per share for gross proceeds of \$9,000. An amount of \$8,300 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- On April 12, 2021, 400,000 stock options were exercised at a price of \$0.07 per share for gross proceeds of \$28,000. An amount of \$26,343 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- On April 16, 2021, 50,000 stock options were exercised at an average price of \$0.07 per share for gross proceeds of \$3,500. An amount of \$3,328 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- On October 18, 2021, 200,000 stock options were exercised at an average price of \$0.07 per share for gross proceeds of \$14,000. An amount of \$13,171 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- On January 19, 2022, 8,400,000 warrants were exercised at \$0.07 for gross proceeds of \$588,000. As a result, \$180,053 was allocated to share capital from warrant reserve.
- On June 25, 2021, 100,000 warrants were exercised at \$0.08 for gross proceeds of \$8,000. As a result, \$2,618 was allocated to share capital from warrant reserve.
- On August 19, 2021, 200,000 warrants were exercised at \$0.08 for gross proceeds of \$16,000. As a result, \$5,236 was allocated to share capital from warrant reserve.
- On May 28, 2021, 1,600,000 warrants were exercised at \$0.08 for gross proceeds of \$128,000. As a result, \$41,887 was allocated to share capital from warrant reserve.
- On March 11, 2021, 40,000 warrants were exercised at \$0.07 for gross proceeds of \$2,800. As a result, \$835 was allocated to share capital from warrant reserve.
- On March 11, 2021, 1,240,000 warrants were exercised at \$0.05 for gross proceeds of \$62,000. As a result, \$27,297 was allocated to share capital from warrant reserve.
- On March 11, 2021, 300,000 warrants were exercised at \$0.07 for gross proceeds of \$21,000. As a result, \$6,265 was allocated to share capital from warrant reserve.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

12. SHARE CAPITAL (cont'd...)

c) Stock options

The Company has a stock option plan whereby the Board of Directors may grant to directors, officers or consultants of the Company options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions of the grant of options. The Board of Directors approved a “rolling” stock option plan (the “Plan”) reserving a maximum of 10% of the shares of the Company at the time of the stock option grant, with a vesting period allowed of zero up to 18 months, when the grant of option is made at market price, for the benefit of its directors, officers, employees and consultants. The Plan provides that no single person may hold options representing more than 5% of the outstanding common shares. The number of stock options granted to a beneficiary and the vesting period are determined by the Board of Directors.

The exercise price of any option granted under the Plan is fixed by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed five years from the date of grant. Options are not transferable and can be exercised while the beneficiary remains a director, an officer, an employee or consultant of the Company and between three and 12 months after the beneficiary has left.

The changes to the number of stock options granted by the Company and their weighted average exercise price are as follows:

	February 28, 2023		February 28, 2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Stock options				
Balance, beginning of year	8,700,000	\$ 0.10	4,150,000	\$ 0.08
Granted	1,655,000	0.075	5,300,000	0.29
Exercised	-	-	(750,000)	0.07
Expired	(1,250,000)	0.10	-	-
Cancelled	(245,000)	0.10	-	-
Balance, end of year	8,860,000	0.10	8,700,000	0.10
Options exercisable, end of year	8,427,500	\$ 0.10	7,762,500	\$ 0.10

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

12. SHARE CAPITAL (cont'd...)

c) Stock options (cont'd...)

As at February 28, 2023, the Company had the following stock options outstanding:

Expiry Date	Exercise Price	Options	Options Exercisable	Weighted Average Life
September 18, 2023	\$ 0.05	800,000	800,000	0.54
November 25, 2024	0.07	50,000	50,000	1.71
July 7, 2025	0.09	1,300,000	1,300,000	2.32
March 23, 2026	0.10	2,500,000	2,500,000	3.02
March 29, 2026	0.10	1,100,000	1,100,000	3.04
April 20, 2026	0.42	200,000	200,000	3.10
May 11, 2026	0.30	105,000	35,000	3.15
December 22, 2026	0.095	900,000	600,000	3.76
February 1, 2027	0.085	250,000	187,500	3.87
October 4, 2027	\$ 0.075	1,655,000	1,655,000	4.14
		8,860,000	8,427,500	3.00

During the year ended February 28, 2023, \$159,017 (2022 – \$1,308,897) has been recognized as share-based compensation in the consolidated statement of operations as follows:

- On October 4, 2022, the Company issued 1,655,000 options to certain Directors, consultants and employees. The options are exercisable for five years at an exercise price of \$0.075 per option and vested 100% on the date of grant. As a result, \$86,344 has been recognized as share-based compensation in the consolidated statement of operations.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

12. SHARE CAPITAL (cont'd...)

c) Stock options (cont'd...)

- On March 23, 2021, the Company granted 2,500,000 options to the Chief Technical Officer (“CTO”). The options are exercisable for five years at an exercise price of \$0.365 per option. These options were subsequently repriced to \$0.10 per option. The options vest in four equal tranches with 25% vesting on March 23rd and 25% on each of June 30, 2021, September 30, 2021 and December 31, 2021. As a result, \$817,677 has been recognized as share-based compensation in the consolidated statement of operations.
- On March 29, 2021, the Company granted 1,300,000 options to Officers and employees. The options are exercisable for five years at an exercise price of \$0.295 per option. These options were subsequently repriced to \$0.10 per option. As a result, \$348,423 has been recognized as share-based compensation in the consolidated statement of operations.
- On April 20, 2021, the Company granted 200,000 options to a consultant. The options are exercisable for five years at an exercise price of \$0.42 per option. As a result, \$75,778 has been recognized as share-based compensation in the consolidated statement of operations.
- On May 11, 2021, the Company granted 105,000 options to employees. The options are exercisable for five years at an exercise price of \$0.30 per option. The options vest in three equal tranches with one-third vesting on each of the first, second and third year of employment. As a result, \$20,750 has been recognized as share-based compensation in the consolidated statement of operations.
- On October 8, 2021, the Company granted 45,000 options to an employee. The options are exercisable for five years at an exercise price of \$0.165 per option. The options vest in three equal tranches with one-third vesting on each of the first, second and third year of employment. As a result, \$1,572 has been recognized as share-based compensation in the consolidated statement of operations.
- On December 22, 2021, the Company granted 900,000 options to a director. The options are exercisable for five years at an exercise price of \$0.095 per option. The options vest in three equal tranches with one-third vesting on the grant date and one-third vesting on each of the second and third year anniversaries. As a result, \$37,599 has been recognized as share-based compensation in the consolidated statement of operations.
- On February 1, 2022, the Company granted 250,000 options to an officer. The options are exercisable for five years at an exercise price of \$0.085 per option. The options vest in four equal tranches with one-quarter vesting on the grant date and one-quarter vesting every six months from the date of grant. As a result, \$7,098 has been recognized as share-based compensation in the consolidated statement of operations.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

12. SHARE CAPITAL (cont'd...)

c) Stock options (cont'd...)

During the years ended February 28, 2023 and February 28, 2022, share-based compensation fair value was calculated on options based on the following assumptions:

Grant Date	October 4 2022	February 1 2022	December 22 2021	October 8 2021
Number of options	1,655,000	250,000	900,000	45,000
Exercise price	\$0.075	\$0.085	\$0.095	\$0.165
Risk free interest	3.21%	1.57%	1.19%	1.37%
Expected volatility	136.71%	138.11%	138.49%	139.22%
Expected life (years)	5	5	5	5
Estimated fair value per option	\$0.052	\$0.089	\$0.098	\$0.146
Estimated fair value	\$86,344	\$22,309	\$88,161	\$6,567
Forfeiture rate	0.00%	0.00%	0.00%	0.00%

Grant Date	May 11 2021	April 20 2021	March 29 2021	March 23 2021
Number of options	105,000	200,000	1,300,000	2,500,000
Exercise price	\$0.30	\$0.42	\$0.295	\$0.365
Risk free interest	0.73%	0.73%	0.74%	0.73%
Expected volatility	145.04%	147.25%	150.17%	150.47%
Expected life (years)	5	2	5	5
Estimated fair value per option	\$0.269	\$0.379	\$0.268	\$0.327
Estimated fair value	\$28,256	\$75,778	\$348,423	\$817,678
Forfeiture rate	0.00%	0.00%	0.00%	0.00%

The underlying expected volatility was determined by reference to historical data of the Company's shares on the Exchange over the expected average life of the options. No special features inherent in the options granted were incorporated into measurement of fair value.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

12. SHARE CAPITAL (cont'd...)

d) Warrants

As at February 28, 2023 and 2022, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	February 28, 2023	February 28, 2022
April 11, 2024	\$0.095	1,536,180	1,536,180
June 12, 2022	\$0.07	-	4,650,000
January 20, 2023	\$0.08	-	8,096,667
March 17, 2023*	\$0.50	10,000,080	10,000,080*
		11,536,260	24,282,927

* On March 17, 2023, 10,000,080 warrants with an exercise price of \$0.50 expired unexercised.

Changes in Company's warrants are as follows:

	Number of warrants	Weighted average exercise price
Balance, February 28, 2021	26,162,847	\$ 0.07
Exercised	(11,880,000)	0.07
Issued	10,000,080	0.50
Balance, February 28, 2022	24,282,927	0.25
Exercised	(900,000)	0.07
Expired	(11,846,667)	0.075
Balance, February 28, 2023	11,536,260	0.45

The weighted average contractual life of all warrants outstanding as at February 28, 2023, is 0.19 years (2022 – 2.15 years).

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

13. EARNINGS (LOSS) PER SHARE

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has two categories of dilutive potential common shares: warrants and stock options. For both, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's outstanding shares for the year), based on the exercise prices attached to the warrants and stock options. The number of shares calculated above is compared with the number of shares that would have been issued assuming exercise of the warrants and stock options.

The calculation of basic and diluted earnings (loss) per share is based on the net income or loss for the year divided by the weighted average number of shares outstanding during the same period.

	February 28, 2023	February 28, 2022
Net loss for the year	\$ (934,154)	\$ (5,368,151)
Basic weighted average number of common shares outstanding	133,339,190	123,721,712
Dilutive share options and warrants	-	-
Weighted average number of shares outstanding for diluted earnings loss per share	133,339,190	123,721,712
Basic earnings (loss) per share	\$ (0.01)	\$ (0.04)
Diluted earnings (loss) per share	\$ (0.01)	\$ (0.04)

14. GENERAL AND ADMINISTRATIVE

	February 28, 2023	February 28, 2022
Bad debt (expense) recoveries	\$ (45,000)	\$ 10,000
Consulting fees and salaries (Note 16)	(1,065,858)	(905,153)
Travel and promotion	(41,835)	(1,436,567)
Shareholder information	(103,570)	(65,684)
Professional fees	(56,907)	(530,027)
General & Administration	(73,214)	(86,803)
	<u>\$ (1,386,384)</u>	<u>\$ (3,014,234)</u>

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

15. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

Remuneration of key management personnel of the Company was as follows:

	February 28, 2023	February 28, 2022
Consulting fees	\$ 180,000	\$ 262,000
Commissions	-	11,800
Salaries and benefits	240,000	182,692
Share-based compensation	124,026	1,076,788
	<u>\$ 544,026</u>	<u>\$ 1,533,280</u>

As at February 28, 2023, directors and key management personnel were owed \$23,778 (2022 - \$23,778), which is included in accounts payables and accrued liabilities.

During the year ended February 28, 2023, the Company received \$60,000 (2022 - \$nil) as consideration for services rendered to a company with common officers.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

16. INCOME TAXES

The Company's income tax provision consists of the following reconciliation of the combined Canadian federal and provincial income tax rate with the Company's effective rate as follows:

	2023 \$	2022 \$
Net income (loss) before income taxes	(934,154)	(5,368,151)
Expected income taxes payable (recovery)	(252,000)	(1,449,401)
Other permanent and temporary differences	(376,000)	754,279
Change in unrecognized deductible temporary difference	628,000	695,122
Income tax expense (recovery)	-	-

As at February 28, 2023 and February 28, 2022 the amounts of deductible temporary differences for which no deferred tax assets were recognized, were as follows:

	2023 \$	2022 \$
Income tax loss carry forward	15,287,000	14,585,000
Capital losses carried forward	8,805,000	8,916,000
Resource properties	7,702,000	7,981,000
Fixed and intangible assets	773,000	790,000
Royalty agreements	24,000	24,000
Share issue costs	6,000	40,000
Investments	378,000	(102,000)
	32,995,000	32,234,000

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

17. SEGMENTED INFORMATION

The Company has determined that it operates in two segments, being acquisition, exploration and development of mineral properties for economically recoverable reserves in Canada and providing AI services. During the year ended February 28, 2023, the company's revenue relates to the providing of AI services to clients in the mineral exploration industry. . All the non-current assets are located in Canada.

18. MANAGEMENT OF CAPITAL

The Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns for shareholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties and to further develop its CARDS consulting services business. The Company's primary source of funds comes from revenues derived from the CARDS consulting services and through the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company defines its capital as equity. Capital requirements are driven by the Company's CARDS consulting operation and exploration activities on its mineral properties. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments, and exploration activities.

There have been no changes to the Company's approach to capital management during the year ended February 28, 2023.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

19. FINANCIAL INSTRUMENTS

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

Market Risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at February 28, 2023 and 2022, the Company is not exposed to currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

(iii) Price rate risk

The Company has no exposure to price risk with respect to equity prices as the Company is not listed. 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. As at February 28, 2023 and 2022, the Company holds shares of publicly listed companies (Note 8) and is exposed to market risk from unfavourable or favourable changes in market conditions.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible. During the year ended February 28, 2023, management has recorded an expected credit loss allowance of \$45,000 on the trade receivables.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

19. FINANCIAL INSTRUMENTS (cont'd)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At February 28, 2023, the Company has a cash balance of \$1,282,810 to settle current liabilities of \$99,304. As such, management feels the Company has sufficient cash to fund corporate overhead costs and the repayment of the Company's debt obligations for the next year. The Company's exposure to liquidity risk is currently negligible, however, the Company may require additional equity financings in the future if future revenues cannot sustain operational cash flows.

Fair Value Measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data.

As at February 28, 2023, the Company's financial instruments consist of cash, accounts receivable, marketable securities and accounts payable and accrued liabilities. Marketable securities are accounted for as FVTPL with \$898,364 using level 1 inputs and \$120,000 using level 2 inputs. Accounts payable and accrued liabilities are classified as amortized cost. The fair value of cash, receivables and accounts payable and accrued liabilities approximates its carrying value because of the short-term nature of the instruments.

20. CONTINGENT LIABILITIES

On March 13, 2017, the Company signed the original Agreement with Diagnos for the purchase of the assets from Diagnos' mining division, including the CARDS (Note 5).

Since acquiring CARDS, the Company determined that CARDS was not adequate and developed its own internal AI software, which is utilized when performing AI services for the Company's clients. As a result, the Company has not been using CARDS in its operations.

On November 29, 2022, the Company received a demand letter from Diagnos related to royalties on the use of CARDS for commercial purposes. As the Company does not use CARDS when performing services for its clients, the Company believes the claim against the Company is unfounded.

Windfall Geotek Inc.

Notes to the consolidated financial statements

For the years ended February 28, 2023 and February 28, 2022

(in Canadian dollars)

21. EVENTS AFTER THE REPORTING PERIOD

Events subsequent to the year end that are not disclosed elsewhere in these financial statements are as follows:

- On March 17, 2023, 10,000,080 warrants with an exercise price of \$0.50 expired unexercised.