AMERICAN CRITICAL ELEMENTS INC.
(formerly Razore Rock Resources Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

Wasserman
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
American Critical Elements Inc. **:**

Opinion

We have audited the consolidated financial statements of American Critical Elements Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that for the year ended April 30, 2023 the Company has incurred continuing losses resulting in an accumulated deficit of $1,855,764 at April 30, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 information

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

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 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.

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.

The engagement partner on the audit resulting in this independent auditors' report is Kevin Ramsay.

Wasserman Ramsay

Markham, Ontario
August 25, 2023

Chartered Professional Accountants
Licensed Public Accountants

AMERICAN CRITICAL ELEMENTS INC.

(formerly Razore Rock Resources Inc.)

(Incorporated under the Laws of the Province of Ontario)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

APRIL 30, 2023 AND 2022

	2023	2022
ASSETS		
Current:		
Cash and cash equivalents	$ 207,907	$ 4,371
H.S.T. receivable	4,798	3,358
	212,705	7,729
Exploration and evaluation assets *(Note 5)*	104,682	100,932
Investments *(Note 4)*	1,081	3,781
	$ 318,468	$ 112,442
LIABILITIES		
Current:		
Accounts payable and accrued liabilities *(Note 7)*	$ 45,510	$ 31,386
Short term loan payable *(Note 9)*	12,935	19,000
	58,445	50,386
EQUITY		
Capital stock *(Note 6)*	1,943,719	1,688,969
Contributed surplus	138,250	138,250
Accumulated other comprehensive loss	(25,921)	(23,221)
Deficit	(1,855,764)	(1,801,681)
Equity attributable to owners of the Company	200,284	2,317
Non-controlling interests	59,739	59,739
Total Equity	260,023	62,056
	$ 318,468	$ 112,442

Nature of Operations and Going Concern - Note 1

Approved on behalf of the board on August 25, 2023**:**

"William R. Johnstone"
William R. Johnstone, director

"Ken Ralfs"
Ken Ralfs, director

The accompanying notes form an integral part of these consolidated financial statements

AMERICAN CRITICAL ELEMENTS INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

	2023	2022
Expenses:		
General administration	$ 17,136	$ 13,193
Interest on short term loan *(Note 9)*	2,135	1,458
Professional fees *(Note 7)*	34,812	19,246
	54,083	33,897
Net loss for the year	(54,083)	(33,897)
Unrealized gains and losses on FVTOCI financial assets *(Note 4)*	(2,700)	(180)
Net loss and comprehensive loss for the year	$ (56,783)	$ (34,077)
Net loss per share basic and diluted	$ (0.006)	$ (0.004)
Weighted average number of shares basic and diluted	9,074,254	7,694,494

The accompanying notes form an integral part of these consolidated financial statements

AMERICAN CRITICAL ELEMENTS INC.

CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS EQUITY (DEFICIENCY)

FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

(Expressed in Canadian Dollars)

	Common Shares					
	# Shares	**$ Amount**	**Contributed Surplus**	**Accumulated Comp. loss**	**Deficit**	**Total Shareholders Equity (Deficiency)**
Balance April 30, 2020	7,611,754	1,671,969	138,250	(23,041)	(1,767,784)	19,394
Common shares issued for options on property	200,000	17,000	-	-	-	17,000
Net loss for the year	-	-	-	(180)	(33,897)	(34,077)
Balance April 30, 2022	7,811,754	1,688,969	138,250	(23,221)	(1,801,681)	2,317
Common shares issued for option on property	50,000	3,750	-	-	-	3,750
Common shares issued for cash - warrants exercised	3,137,500	251,000	-	-	-	251,000
Net loss for the year	-	-	-	(2,700)	(54,083)	(56,783)
Balance April 30, 2023	10,999,254	$ 1,943,719	$ 138,250	$ (25,921)	$ (1,855,764)	$ 200,284

The accompanying notes form an integral part of these consolidated financial statements

AMERICAN CRITICAL ELEMENTS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

	2023	2022
Cash was provided by (used in) the following activities:		
Operations:		
Net loss for the year	$ (54,083)	$ (33,897)
Items not requiring an outlay of cash:		
Net change in non-cash working capital balances related to operations *(Note 8)*	12,684	19,054
	(41,399)	(14,843)
Financing:		
Capital stock issued for cash on exercise of warrants	251,000	-
Short-term loan advance *(Note 9)*	(6,065)	16,000
	244,935	16,000
Net change in cash and cash equivalents during the year	203,536	1,157
Cash and cash equivalents, beginning of year	4,371	3,214
Cash and cash equivalents, end of year	$ 207,907	$ 4,371

The accompanying notes form an integral part of these consolidated financial statements

1. Nature of Operations and Going Concern:

American Critical Elements Inc. is a public company incorporated under the laws of the Province of Ontario and its principal business activity is the exploration of its mineral properties. During the current year the Company filed articles of amendment to change its name from Razore Rock Resources Inc. to American Critical Elements Inc.

The Company is considered to be in the development stage, is in the process of exploring mineral properties in Canada and has not yet determined whether these properties contain economic reserves. While these financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business, adverse conditions could cast doubt upon the validity of this assumption. As at April 30, 2023 the Company had working capital in the amount of $154,260 (2022 - deficiency of $42,657) and has incurred losses since inception resulting in an accumulated deficit of $1,855,764. In order to meet its corporate, administrative and property obligations for the coming year the Company will be required to raise funds through a debt or equity financing. Although the Company has been successful in raising funds in prior years through equity and debt financing's there is no certainty that the Company will be successful in the future.

If the going concern assumption was not appropriate for these financial statements, then adjustments might be necessary to the carrying values of assets and liabilities, the reported loss and the balance sheet classifications used. These adjustments could be material.

2. Significant accounting policies:

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Accounting Standards effective as of April 30, 2023**.** The consolidated financial statements were approved by the Company's Board of Directors on August 25, 2023.

(b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information.

(c) Basis of Consolidation

These financial statements are consolidated with its 84% owned subsidiary, Arctic Gold and Platinum and its 67% owned subsidiary Arctic Gold Corporation. All intercompany balances and transactions are eliminated upon consolidation.

(d) Presentation Currency

The Company's presentation currency and functional currency is the Canadian dollar ("$").

(e) Significant Accounting Judgments and Estimates

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The more significant areas are as follows:

Critical accounting estimates

The amounts recorded for share-based payment transactions are based on estimates. The Black-Scholes model is based on estimates of assumptions for expected volatility, expected number of options to vest, dividend rate, risk-free interest rate and expected life of the options.

Management's assumption of no material restoration, rehabilitation and environmental obligation, is based on the facts and circumstances that existed during the period.

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused loss carry-forwards and other deductions. The valuation of Deferred income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment;
- The allocation of exploration costs to cash-generating units; and

(f) Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given up, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the subsidiary. Acquisition related costs are recognized in profit and loss as incurred.

Business combinations that occurred prior to January 1, 2010 were not accounted for in accordance with IFRS 3 Business Combinations or IAS 27 Consolidated and Separate Financial Statements in accordance with the IFRS 1 First-Time Adoption of International Financial Reporting Standards exemption.

(g) Cash and Cash Equivalents

Cash and cash equivalents consists of cash, demand deposits and high-interest savings vehicles.

(h) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

(i) Impairment of Non-Financial Assets

The Company's tangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated. Long-lived assets that are not amortized are subject to an annual impairment assessment.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company considers each mineral property to be a cash-generating unit. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

(j) Share-based Payments

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and services providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of share purchase options granted is recognized as an expense or charged to mineral properties as appropriate, with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value for share purchase options granted to employees or those providing services similar to those provided by a direct employee is measured at the grant date and each tranche is recognized using the accelerated method basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

The fair value for share purchase options granted to non-employees for services provided is measured at the date the services are received. The fair value of the share purchase options granted is measured at the fair value of the services received, unless the fair value of services received cannot be estimated reliably, in which case the fair value of the share purchase options is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

(k) Income Taxes

Income tax on the profit or loss consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill not deductible for tax purposes; and

- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(l) Loss per Share

Loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(m) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss, components of other comprehensive income and cumulative translation adjustments are presented in the consolidated statements of comprehensive loss and the consolidated statements of changes in shareholders equity.

(n) Financial Instruments

Financial assets
Financial assets are classified as either financial assets at fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (“FVTOCI”) or amortized cost. The Company determines the classification of financial assets at initial recognition.

Financial assets at Fair-value through profit or loss
Financial instruments classified as fair value through profit and loss are reported at fair value at each reporting date, and any change in fair value is recognized in the statement of operations in the period during which the change occurs. Realized and unrealized gains or losses from assets held at FVPTL are included in losses in the period in which they arise.

Financial assets at Fair-value through other comprehensive income
Financial assets carried at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument bases) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value remains in other comprehensive income (loss) and is not recycled to profit or loss.

Financial assets at amortized cost

Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset’s contractual cash flows are comprised solely of payments of principal and interest. The Company’s accounts receivable are recorded at amortized cost as they meet the required criteria. A provision is recorded based on the expected credit losses for the financial asset and reflects changes in the expected credit losses at each reporting period.

Financial liabilities
Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has elected to measure at FVTPL. The Company’s financial liabilities include trade and other payables which are classified at amortized cost.

Impairment

IFRS 9 requires an 'expected credit loss' model to be applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition.

Fair value hierarchy
Financial instruments recorded at fair value on the statement of financial position are classified 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 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

(o) Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-though feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders and the premium liability is reversed. The reversal of the premium liability and the deferred tax liability are recognized as tax recoveries to the extent that suitable deferred tax assets are available.

(p) Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either an unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

(q) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as finance expense ("notional interest").

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

(r) **Future Accounting Pronouncements**

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after April 30, 2023. The more significant changes are noted below:

<u>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)</u>

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2023, with early application permitted. This amendment is not expected to have a material impact on the Company's consolidated financial statements.

<u>Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments—Disclosure of Accounting Policies</u>

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

3. Capital Management:

The Company's policy is to attain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risks characteristic of the underlying resource assets. As a junior resource exploration company, the Company considers its capital structure to be comprised of working capital only. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected expenditure levels.

The Company has not paid or declared any dividends since the date of its incorporation, nor are any dividends contemplated in the foreseeable future.

The Company does not have any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the period.

4. Investments:

The Company has an investment in Big Tree Carbon Inc. (formerly AurCrest Gold Inc).

	2023	2022
18,000 (2022 -18,000) shares of Big Tree Carbon Inc.	$ 1,081	$ 3,781

The fair market value of its investment at year end is approximately $1,081 (2022 - $3,781). These FVTOCI instrument has been adjusted to fair market value resulting in an comprehensive loss in the amount of $2,700 (2022 - $180) which has been reflected in other comprehensive income.

5. Exploration and evaluation assets

On October 9, 2019 the Company entered into an option agreement with True North Gems Inc. ("True North") to earn up to 70% working interest in the True Blue Property ("Property") in the Yukon Territory. The True Blue Property consists of 68 mining claims in the Ketza-Seagull district of the Southern Yukon in the Watson Lake Mining District comprising 13.3 square kilometres. The Company can earn a 70% interest in the Property by incurring expenditures in the aggregate amount of $300,000 over three years and issuing an aggregate of 600,000 common shares with 200,000 shares to be issued on closing (issued), a further 200,000 shares on or before November 30, 2020 (issued) and a further 200,000 shares on or before November 30, 2021 (issued). The exploration expenditure component was subsequently amended to extend the expenditure of the remaining $250,000 to $100,000 to be spent by the end of the 4th anniversary of the agreement with the balance to be spent by the 5th anniversary date. Consideration to be issued for the extension is 50,000 common shares of the Company.

If the Company earns its 70% interest, the parties will form a joint venture and contribute pro-rata to the further exploration and development of the Property. If a party is reduced to a 10% or less interest in the Property, that party‘s interest will be reduced to a 2% net smelter returns royalty with the right of the remaining party to acquire a 1% net smelter returns royalty at any time for the payment of $1,000,000

6. Capital stock:

Authorized:
Unlimited common shares

Capital stock:
Issued and outstanding

	2023	2022
Balance April 30	$ 1,943,719	$ 1,671,969

During the current year the Company issued 3,137,500 for cash at a price of $0.08 per share on the exercise of warrants and 50,000 (2022 - 200,000) common shares at a price $.075 per share (2022 - $0.085 per share), for $3,750 in total (2022 - $17,000) as part of an option agreement on a mineral property as disclosed in Note 5.

Share based payments:

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees, and consultants. Options granted under the Plan generally have a five-year term. Options are granted at a price no lower than the market price of the common shares at the time of the grant.

No options were granted in the current or prior year and no options are outstanding as at April 30, 2023 and April 30, 2022.

Warrants:

The change in the Company warrants for the year ended April 30, 2023 is as noted below:

Outstanding April 30, 2022 and 2021	5,000,000	$ 0.08
Exercised	(3,137,500)	0.08
Expired	(1,862,500)	0.08
Outstanding April 30, 2023	-	$ -

During the current year the exercise of the outstanding were repriced to $0.08 per share. A total of 3,137,500 were exercised at this amended price for proceeds of $251,000 and the balance of 1,862,500 warrants expired.

Weighted. avge. Exercise Price	Warrants outstanding and exercisable	Whtd. avge. remaining contractual life in years
$ -	-	-

7. Related party transactions and balances:

The Company's related parties consist of executive officers and directors

Related Party	Item	For the year ended April 30, 2023	2022
Director	Legal fees charged to statement of loss	$ 25,274	$ 9,736
	Amount included in accounts payable due to related parties	$ 22,777	$ 19,721
Key Management Personnel			
	Directors fees charged to statement of loss	$ -	$ -
	Share-based payments charged to statement of loss	$ -	$ -

The above transactions were in the normal course of operations and were measured at the exchange amount, which are the amounts agreed to by the related parties.

8. Supplemental cash flow information:

Net change in non-cash working capital:

	2023	2022
H.S.T receivable	$ (1,440)	$ 8,853
Accounts payable and accrued liabilities	14,124	10,201
	$ 12,684	$ 19,054

Non-cash investing and financing activities:

Common shares issued for option on mining property	$ 3,750	$ 17,000

9 Short-term loan:

The Company has a short-term loan payable in the amount of $12,935 (2022 - $19,000) from an arm`s length party. This loan is due on demand, interest bearing at 10% per annum and is unsecured. During the current year the balance from the prior year of $19,000 was repaid and an additional $12,935 was advanced.

Total interest expense for the year on the loan amounted to $2,135 and is included in accounts payable (2022 -$1,458).

10. Income tax:

The Company has available approximately $907,000 (2022 - $866,000) in non-capital loss carry-forwards which can be used to reduce the amount of tax payable in future years. The potential benefit of these losses has not been recognized in these financial statements and will expire if unused as follows:

2026	$ 18,000
2027	13,000
2028	75,000
2029	41,000
2030	36,000
2031	94,000
2032	60,000
2033	47,000
2034	77,000
2035	30,000
2036	32,000
2037	30,000
2038	95,000
2039	58,000
2040	64,000
2041	39,000
2042	41,000
2043	57,000
	$ 907,000

In addition to the above noted loss carry-forwards, the Company has available approximately $618,000 in Canadian exploration and development expenditures which may be deducted from taxable income in future years without expiry. The benefit of these amounts has not been recognized in these financial statements.

The Company's effective corporate tax rate varies from the statutory rate of tax in Canada due to the following factors:

	2023	2022
Statutory tax rate	26.50 %	26.50 %
Valuation allowance	(26.50)	(26.50)

Effective corporate tax rate	- %	- %

10. Income tax (continued):

The Company has the following Deferred income tax assets:

	2023	2022
Non capital losses	$ 240,000	$ 226,000
Investments and Canadian exploration and development expenditures	143,000	142,000
Valuation allowance	(383,000)	(368,000)
Benefit recognized in the financial statements	$ -	$ -

11. Financial Risk Management:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash, short term investments, H.S.T. and other receivables and staking security deposits. The Company's cash and short term investments is held through large Canadian Financial Institutions. A large part of other receivables pertains to HST refunds with the Canada Revenue Agency. The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities.

Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations at their maturity. The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional financing. It is anticipated that the Company will continue to rely on equity and debt financing to meet its ongoing working capital requirements. The Company has had losses since inception and has financed these losses through debt and equity issuances and therefore liquidity risk is considered high.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has a nominal amount of debt subject to interest, however in management's opinion it is not exposed to any significant interest rate risk.

Foreign currency rate risk

The Company's functional and reporting currency is the Canadian dollar. The Company does not currently have significant transactions denominated in foreign currencies and therefore is not exposed to any significant foreign currency risk.

11. Financial Risk Management(continued):

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

Fair value of financial instruments

The book value of cash and cash equivalents, receivables, and accounts payable and accrued liabilities all approximate their fair values at April 30, 2023. The Company's investment in marketable securities have been marked to market in accordance with the Company's accounting policies.

The Company values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. Level 3 fair values are based on a number of valuation techniques other than observable market data. There are no level 3 values currently recorded on the balance sheet of the Company.

	Level	April 30, 2023	April 30, 2022
Fair value through profit and loss			
Cash and cash equivalents	Level 1	207,907	4,371
Fair value through other comprehensive income			
Investments	Level 1	1,081	3,781
Financial liabilities measured at amortized cost			
Accounts payable and accrued liabilities	Level 1	45,510	31,386
Short term loan	Level 2	12,935	19,000