AMERICAN CRITICAL ELEMENTS INC.

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of American Critical Elements Inc.

Opinion

We have audited the consolidated financial statements of American Critical Elements Inc. (the "Company"), which comprise the consolidated statement of financial position as at April 30, 2024 and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 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 the Company has not generated any revenues, had a net loss of $127,365, and incurred negative cash flow from operations during the year ended April 30, 2024 and, as of that date, the Company has an accumulated deficit of $1,983,129. As stated in Note 1 of the consolidated financial statements, these events or conditions along with other matters, 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.

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 for the year ended April 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements, 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 of our report, we have determined that there are no key audit matters to communicate in our report.

Other Matter

The consolidated financial statements of the Company for the year ended April 30, 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on August 25, 2023.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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. If, based on the work we have performed, 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 International Financial Reporting Standards, 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.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of 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 Henry Chow.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

August 26, 2024

AMERICAN CRITICAL ELEMENTS INC.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	April 30, 2024 $	April 30, 2023 $
Assets		
Current assets		
Cash	131,944	207,907
Marketable securities (Note 4)	541	1,081
Amounts receivable	7,244	4,798
Prepaid expenses and deposits	16,582	-
Total current liabilities	156,311	213,786
Non-current assets		
Exploration and evaluation assets (Note 5)	-	104,682
Total assets	156,311	318,468
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	24,193	45,510
Loan payable (Note 7)	-	12,935
Total liabilities	24,193	58,445
Shareholders' equity		
Share capital (Note 6)	1,943,719	1,943,719
Share-based reserves	138,250	138,250
Accumulated other comprehensive loss	(26,461)	(25,921)
Deficit	(1,983,129)	(1,855,764)
Equity attributable to shareholders of the Company	72,379	200,284
Non-controlling interests	59,739	59,739
Total shareholders' equity	132,118	260,023
Total liabilities and shareholders' equity	156,311	318,468

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance by the Board of Directors on August 26, 2024:

/s/ "William R. Johnstone" — William R Johnstone, Director

/s/ "Ken Ralfs" — Ken Ralfs, Director

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

AMERICAN CRITICAL ELEMENTS INC.
Consolidated statements of operations and comprehensive loss
(Expressed in Canadian dollars)

	Year ended April 30, 2024 $	Year ended April 30, 2023 $
Expenses		
General and administration	12,321	17,136
Impairment of exploration and evaluation assets (Note 5)	104,682	-
Professional fees (Note 10)	18,365	34,812
Total expenses	135,368	51,948
Loss before other income (expense)	(135,368)	(51,948)
Other income (expense)		
Interest expense (Note 7)	(404)	(2,135)
Write-off of accounts payable (Note 10)	8,407	-
Total other income (expense)	8,003	(2,135)
Net loss	(127,365)	(54,083)
Comprehensive loss		
Unrealized loss on investment (Note 4)	(540)	(2,700)
Comprehensive loss	(127,905)	(56,783)
Loss per share, basic and diluted	(0.01)	(0.01)
Weighted average number of shares outstanding	10,999,254	9,074,254

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

AMERICAN CRITICAL ELEMENTS INC.
Consolidated statements of changes in shareholders' equity
(Expressed in Canadian dollars)

	Share capital			Accumulated other comprehensive loss		Non-controlling interest	Total shareholders' equity
	Number of shares	Amount $	Share-based reserves $	$	Deficit $	$	$
Balance, April 30, 2022	7,811,754	1,688,969	138,250	(23,221)	(1,801,681)	59,739	62,056
Shares issued for option payment	50,000	3,750	-	-	-	-	3,750
Shares issued for exercise of warrants	3,137,500	251,000	-	-	-	-	251,000
Unrealized loss on marketable securities	-	-	-	(2,700)	-	-	(2,700)
Net loss	-	-	-	-	(54,083)	-	(54,083)
Balance, April 30, 2023	10,999,254	1,943,719	138,250	(25,921)	(1,855,764)	59,739	260,023
Unrealized loss on marketable securities	-	-	-	(540)	-	-	(540)
Net loss	-	-	-	-	(127,365)	-	(127,365)
Balance, April 30, 2024	10,999,254	1,943,719	138,250	(26,461)	(1,983,129)	59,739	132,118

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

AMERICAN CRITICAL ELEMENTS INC.
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Year ended April 30, 2024 $	Year ended April 30, 2023 $
Operating activities		
Net loss for the year	(127,365)	(54,083)
Items not involving cash:		
Impairment of exploration and evaluation assets	104,682	-
Write-off of accounts payable	(8,407)	-
Changes in non-cash operating working capital:		
Amounts receivable	(2,446)	(1,440)
Prepaid expenses and deposit	(16,582)	-
Accounts payable and accrued liabilities	(12,910)	14,124
Net cash used in operating activities	(63,028)	(41,399)
Financing activities		
Proceeds from issuance of common shares	-	251,000
Repayment of loan payable	(12,935)	(6,065)
Net cash flows provided by (used in) financing activities	(12,935)	244,935
Change in cash	(75,963)	203,536
Cash, beginning of year	207,907	4,371
Cash, end of year	131,944	207,907
Non-cash investing and financing activities:		
Common shares issued for option payment on mining property	-	3,750

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

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. On September 19, 2022, the Company changed its name from Razore Rock Resources Inc. to American Critical Elements Inc. The Company's head office is located at 1895 – 1066 West Hastings Street, Vancouver, BC, V6E 3X1.

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 consolidated 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. During the year ended April 30, 2024, the Company had no revenues, had a net loss of $127,365, and had negative cash flow from operating activities. As at April 30, 2024, the Company had an accumulated deficit of $1,983,129. 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. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. If the going concern assumption was not appropriate for these consolidated 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. BASIS OF PRESENTATION

Statement of Compliance and Basis of Presentation

These consolidated financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiaries, Arctic Gold and Platinum Inc., and Arctic Gold Corp. All intercompany balances and transactions have been eliminated on consolidation.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency.

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the fair value of share-based compensation, carrying value of exploration and evaluation assets,, and unrecognized deferred income tax assets.

2. BASIS OF PRESENTATION (continued)

Use of Estimates and Judgments (continued)

Significant areas of judgment made by the Company include:

- the assessment of whether the going concern assumption is appropriate, which requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern; and
- the carrying value of exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licences, 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 charged to operations.

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, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

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.

Mineral Property Options

The Company does not record any expenditures made by the optionee in its accounts. It also does not recognize any gain or loss on its exploration and evaluation option arrangements but redesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the optionee is credited against costs previously capitalized.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Restoration, Rehabilitation and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arise 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, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates. Discount rates using a pre-tax rate that reflects the time value of money and risks specific to the liability are used to calculate the net present value. These costs are charged to the statement of operations over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in the consolidated statement of operations.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost.

The Company has made the following classifications:

Cash	Amortized cost
Marketable securities	FVTOCI
Accounts payable and accrued liabilities	Amortized cost
Loan payable	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial Instruments (continued)

Financial assets at FVTOCI

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial Instruments (continued)

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of long-lived assets to determine whether there is an indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge.

The recoverable amount used for this purpose is the higher of the 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.

If the recoverable amount of an asset is estimated to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the consolidated statements of operations, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the net carrying amount on initial recognition.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the consolidated statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Comprehensive Income (Loss)

Comprehensive income (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 the consolidated statement of operations. As at April 30, 2024 and 2023, comprehensive loss includes adjustments for changes in the fair value of marketable securities.

Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

Recent Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended April 30, 2024, and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in Canadian dollars)

4. MARKETABLE SECURITIES

As at April 30, 2024, the Company held 18,000 (2023 – 18,000) common shares of Big Tree Carbon Inc., an exploration stage company trading on the TSX-V, with a fair value of $541 (2023 - $1,081).

	2023 Fair Value $	Unrealized Loss $	2024 Fair Value $
Big Tree Carbon Inc.	1,081	(540)	541

	2022 Fair Value $	Unrealized Gain $	2023 Fair Value $
Big Tree Carbon Inc.	3,781	(2,700)	1,081

5. EXPLORATION AND EVALUATION ASSETS

On October 8, 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 issued for the extension is 50,000 common shares of the Company. During the year ended April 30, 2024, the Company is uncertain as to future exploration work on the property and has recorded an impairment loss of $104,682.

6. SHARE CAPITAL

a) Authorized share capital

Unlimited common shares without par value.

b) Issued share capital

As at April 30, 2024, there were 10,999,254 issued and fully paid common shares (April 30, 2023 – 10,999,254).

During the year ended April 30, 2023, the Company issued 3,137,500 common shares pursuant to an exercise of share purchase warrants for proceeds of $251,000.

During the year ended April 30, 2023, the Company issued 50,000 common shares with a fair value of $3,750 as an option payment on the True Blue Property.

c) Stock Options

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees, and consultants. Option 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.

There were no stock options issued or outstanding during the years ended April 30, 2024 and 2023.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

d) Warrants

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price $
Balance, April 30, 2022	5,000,000	0.075
Exercised	(3,137,500)	0.075
Expired	(1,862,500)	0.075
Balance, April 30, 2023 and 2024	-	-

7. LOAN PAYABLE

As at April 30, 2024, the Company owed $nil (2023 - $12,935) to a non-related party, which is unsecured, bears interest at 10% per annum, and due on demand. During the year ended April 30, 2024, the Company repaid $12,935 (2023 - $6,065) of principal payments on the loan payable and incurred interest expense of $404 (2023 - $2,135).

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

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.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, marketable securities, accounts payable and accrued liabilities, and loan payable.

The fair values of cash, accounts payable and accrued liabilities, and loan payable approximate their carrying values because of the short-term nature of these instruments.

The following is an analysis of the Company's financial assets measured at fair value as at April 30, 2024 and 2023:

	As at April 30, 2024		
	Level 1 $	Level 2 $	Level 3 $
Marketable securities	541	-	-

	As at April 30, 2023		
	Level 1 $	Level 2 $	Level 3 $
Marketable securities	1,081	-	-

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company will limit its exposure to credit loss by placing its cash with high credit quality financial institutions.

Liquidity risk

The Company seeks to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. As at the date of the consolidated statement of financial position, the Company had sufficient cash to meet its current obligations and was not exposed to significant liquidity risk.

Interest rate risk

The Company's exposure to interest rate risk relates to its ability to earn short-term interest on cash balances at variable rates. The Company does not have any variable interest rate liabilities.

Foreign currency risk

The Company is not exposed to significant foreign currency risk.

Commodity price risk

The Company is not significantly exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

9. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the year ended April 30, 2024.

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

The Company had the following transactions in the normal course of operations with directors and companies with common directors:

	2024 $	2023 $
Professional fees	6,512	25,274

As at April 30, 2024, the Company owes $1,530 (2023 - $22,777) to a company to which a director of the Company is a partner for professional fees. During the year ended April 30, 2024, this company received $20,000 for professional fees owing of $28,407, resulting in a write-off of accounts payable of $8,407.

11. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2024 $	2023 $
Canadian statutory income tax rate	26.5%	26.5%
Income tax recovery at statutory rate	(34,000)	(14,000)
Tax effect of:		
Change in unrecognized deferred income tax assets	(34,000)	14,000
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2024 $	2023 $
Deferred income tax assets		
Non-capital losses carried forward	247,000	240,000
Investment and Canadian exploration and development	170,000	143,000
Total gross deferred income tax assets	417,000	383,000
Unrecognized deferred income tax assets	(417,000)	(383,000)
Net deferred income tax asset	–	–

(Expressed in Canadian dollars)

11. INCOME TAXES (continued)

As at April 30, 2024, the Company has non-capital losses carried forward of $930,000, which are available to offset future years' taxable income. These non-capital losses expire as follows:

	$
2026	18,000
2027	13,000
2028	75,000
2029	41,000
2030	36,000
2031	94,000
2032	60,000
2033	48,000
2034	77,000
2035	29,000
2036	32,000
2037	29,000
2038	95,000
2039	58,000
2040	64,000
2041	39,000
2042	41,000
2043	58,000
2044	23,000
	930,000

In addition to the above noted loss carry-forwards, the Company has available approximately $633,000 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 consolidated financial statements.