
MONTEGO RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
MARCH 31, 2024 AND 2023

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

MONTEGO RESOURCES INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****EXPRESSED IN CANADIAN DOLLARS**

	Note	March 31, 2024 (unaudited) \$	June 30, 2023 (audited) \$
ASSETS			
CURRENT			
Cash		14,767	767,884
Amounts receivable		8,643	2,722
Investment	5	57	57
		23,467	770,663
NON-CURRENT			
Equipment		1,508	1,759
Exploration and evaluation assets	4	1,497,947	1,459,535
		1,499,455	1,461,294
		1,522,922	2,231,957
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	8	854,798	871,630
Loans payable	6	377,565	849,977
		1,232,363	1,721,607
SHAREHOLDERS' EQUITY			
Share capital	7	10,679,768	10,679,768
Contributed surplus		1,445,163	1,445,163
Deficit		(11,834,372)	(11,614,581)
		290,559	510,350
		1,522,922	2,231,957

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
CONTINGENCIES (Note 11)

Approved and authorized for issue on behalf of the Board on May 21, 2024.

/s/ David Greenway Director
David Greenway

/s/ Dave Jenkins Director
Dave Jenkins

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

MONTEGO RESOURCES INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS****EXPRESSED IN CANADIAN DOLLARS****UNDAUDITED**

	Note	Three months ended March 31, 2024	Three months ended March 31, 2023	Nine months ended March 31, 2024	Nine months ended March 31, 2023
ADMINISTRATION EXPENSES					
Consulting fees (recovery)	8	\$ (679)	\$ 45,788	\$ 53,964	\$ 47,363
Depreciation		78	96	251	309
Interest expense	6	5,037	17,081	27,577	45,310
Management fees	8	21,000	15,750	60,881	47,250
Meals and Entertainment		-	-	19,145	-
Office and miscellaneous		114	3,104	914	3,636
Professional fees		121	-	1,634	1,407
Rent		15,000	15,750	45,000	47,250
Transfer agent and filing fees		2,625	2,624	10,585	15,850
LOSS BEFORE OTHER ITEMS		(43,296)	(100,193)	(219,951)	(208,375)
OTHER ITEMS					
Foreign exchange gain (loss)		(2)	5	160	(253)
Unrealized loss on investment	5	-	-	-	(1,157)
NET LOSS AND COMPREHENSIVE LOSS		(43,298)	(100,188)	(219,791)	(209,785)
LOSS PER SHARE – basic and diluted		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING					
		36,814,527	6,827,600	36,814,527	5,453,106

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

MONTEGO RESOURCES INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

	<u>Common Shares ⁽ⁱ⁾</u>		<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>			
		\$	\$	\$	\$
Balance, June 30, 2022	4,549,822	8,743,328	907,885	(10,962,088)	(1,310,875)
Shares issued for exploration and evaluation of assets (notes 4 and 7)	12,264,705	1,544,118	-	-	1,544,118
Shares issued from private placement (Note 7)	20,000,000	503,795	496,205	-	1,000,000
Share issuance costs (Note 7)	-	(70,400)	-	-	(70,400)
Net loss for the period	-	-	-	(209,785)	(209,785)
Balance, March 31, 2023	36,814,527	10,720,841	1,404,090	(11,171,873)	953,058
Balance, June 30, 2023	36,814,527	10,679,768	1,445,163	(11,614,581)	510,350
Net loss for the period	-	-	-	(219,791)	(219,791)
Balance, March 31, 2024	36,814,527	10,679,768	1,445,163	(11,834,372)	290,559

(i) After effect of share consolidation on a 1 to 10 basis (Note 7)

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

MONTEGO RESOURCES INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

	Three months ended March 31, 2024	Three months ended March 31, 2023	Nine months ended March 31, 2024	Nine months ended March 31, 2023
	\$	\$	\$	\$
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	(43,298)	(100,188)	(219,791)	(209,785)
Items not involving cash:				
Accrued interest	5,036	17,081	27,588	45,310
Depreciation	78	96	251	309
Foreign exchange loss (gain)	2	(5)	(160)	253
Unrealized loss on investment	-	-	-	1,157
	(38,182)	(83,016)	(192,112)	(162,756)
Changes in non-cash working capital balances:				
Amounts receivable	(3,072)	-	(5,921)	-
Prepaid deposits	-	-	-	(71,000)
Accounts payable and accrued liabilities	30,322	32,583	(16,672)	98,132
Cash used in operating activities	(10,932)	(50,433)	(214,705)	(135,624)
INVESTING ACTIVITIES				
Acquisition of exploration and evaluation assets	-	-	-	(75,000)
Exploration and evaluation assets expenditures	-	-	(38,412)	-
Cash used in investing activities	-	-	(38,412)	(75,000)
FINANCING ACTIVITIES				
Proceeds from loans payable	-	-	-	160,000
Proceeds from issuance of shares, net	-	929,600	-	929,600
Repayment of loans	(500,000)	-	(500,000)	-
Cash provided by (used in) financing activities	(500,000)	929,600	(500,000)	1,089,600
DECREASE IN CASH	(510,932)	(879,167)	(753,117)	(878,976)
CASH, BEGINNING OF PERIOD	525,699	17,958	767,884	18,149
CASH, END OF PERIOD	14,767	897,125	14,767	897,125

The Company paid \$191,638 (2023 - \$Nil) of interest and \$Nil of income taxes (2023 - \$Nil) in cash during the nine months ended March 31, 2024.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Montego Resources Inc. ("the Company") was incorporated on July 20, 2012 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 400-837 West Hastings, Vancouver, British Columbia, Canada, V6C 3N6. On July 8, 2020, the Company's symbol changed from MY to MY.X. The .X extension is added to listed securities of issuers that the Canadian Securities Exchange has deemed to be inactive. On March 8, 2023, the inactive designation has been removed and the Company began trading under its new symbol "MY".

On March 31, 2023, the Company completed the acquisition of 1407899 B.C. Ltd. ("1407899") which holds all the rights, titles, licenses, permits, and 100% interest in the Black Beard Property (Notes 4 and 7). 1407899 became a wholly-owned subsidiary of the Company.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As of March 31, 2024, the Company had \$1,497,947 exploration and evaluation assets (June 30, 2023 - \$1,459,535). The Company had a net loss of \$219,791 for the nine months ended March 31, 2024 (2023 - \$209,785) and, as of that date, the Company had an accumulated deficit of \$11,834,372 (June 30, 2023 - \$11,614,581) which has been funded mainly by the issuance of equity and loans. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its administration costs.

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipates this outbreak might increase the difficulty in raising capital which may negatively impact the Company's business and financial condition. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. These condensed interim consolidated financial statements follow the same accounting policies and methods of computations as compared with the most recent annual financial statements, being for the year ended June 30, 2023, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's most recent

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Statement of compliance (continued)

annual financial statements.

These condensed interim consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 21, 2024.

b) Basis of presentation

These condensed interim consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

c) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 1407899 B.C. Ltd. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the condensed interim consolidated financial statements.

d) Significant accounting estimates and judgments

The preparation of these condensed interim consolidated financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized prospectively by including it in comprehensive loss in the period in which the estimate is revised and future periods if the revision affects both current and future periods. 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates and judgments

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Significant accounting estimates and judgments (continued)

Critical accounting estimates and judgments (continued)

Exploration and evaluation expenditures (continued)

requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written-off in the profit or loss in the period the new information becomes available.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in many cases. When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating unit must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either future exploitation or sale of the property when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and the renewal of permits. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amounts capitalized are written-off in profit or loss in the period in which the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Going concern

The Company is a going concern and will continue in operation for the foreseeable future and at least one year. The factors considered by management are disclosed in Note 1.

Fair value

All financial instruments are required to be recognized at fair value on initial recognition. Subsequent measurement of these instruments is at amortized cost or at fair value depending on their classification.

Fair value is the amount of consideration that would be agreed upon in an arm's-length transaction, between knowledgeable, willing parties who are under no compulsion to act. This is a point-in-time measurement that may be changed in subsequent reporting periods due to market

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Significant accounting estimates and judgments (continued)

Fair value (continued)

conditions or other factors.

Fair value of a financial instrument is determined by reference to quoted prices in the most advantageous active market to which the Company has immediate access. In the absence of an active market, fair value is determined on the basis of internal or external valuation models, including discounted cash flow models. Fair value determined using these valuation models, requires the use of assumptions concerning the amount and timing of estimated future cash flows as well as the number of variables. In determining these assumptions, external readily observable market inputs are considered, as applicable, otherwise the Company uses the best possible estimate.

Deferred tax

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

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

Business combination

Determining if acquisition of entity or a group of assets constitute a business combination must be in accordance with IFRS 3, which outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Each business combinations are accounted for using the "acquisition method", which requires:

- Identifying the acquirer;
- Determining the acquisition date;
- Recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- Recognizing and measuring goodwill or a gain from a bargain purchase.

Provisions and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the condensed interim consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Significant accounting estimates and judgments (continued)

Provisions and contingent liabilities (continued)

potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are sources of estimation and uncertainty.

Warrants and compensation and share-based payments

The estimation of warrants and compensation and share-based payments costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the probable life of warrants and compensation and share-based payments granted, and the time of exercise of those. The model used by the Company is the Black-Scholes valuation model. However, future volatility, probable life and exercise period remain uncertain and the model has limits.

e) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized, provided that legal rights to explore a specific area have been obtained. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units of production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

f) Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of exploration and evaluation assets (continued)

individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure or further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax 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, or in other comprehensive profit or loss.

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

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The Company recognizes a deferred tax asset or liability for all deductible temporary differences

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Income taxes (continued)

arising from equity securities of subsidiaries, unless it is probable that the temporary difference will not reverse in the foreseeable future and the Company is able to control the timing of the reversal.

h) Decommissioning, restoration and similar liabilities

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 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, 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 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 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 profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to \$Nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as at March 31, 2024 and June 30, 2023.

i) Share-based compensation

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity-settled share-based payments reserve.

The fair value of share-based compensation is determined using the Black-Scholes Option Pricing Model taking into account the features of the plan and market data as at the grant date and on the basis of the Company's management assumptions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Share-based compensation (continued)

Consideration received on the exercise of stock options is recorded as share capital and the related equity-settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity-settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

j) Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

k) Share capital and warrants

Common shares and warrants are classified in equity. Issue costs that are directly attributable to the issuance of shares and warrants are recognized in equity as a deduction from the issue proceeds during the period when these transactions occur.

Proceeds from unit placements are allocated between shares and warrants issued using the relative fair value method. Proceeds are charged in proportion to the fair value of shares based on the stock prices at the time of issue and the fair value of the warrants determined using the Black-Scholes Option Pricing Model.

The fair value attributed to the warrant is recorded as contributed surplus in equity. If the warrant is exercised, the value attributed to the warrant is transferred to share capital. If the warrant expires unexercised, the value is conserved to reserves within equity.

l) Flow-through shares

Current Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company renounce the tax deductions for expenses related to exploration activities to the benefit of investors. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time the Company issues flow-through shares, the sale of tax deductions is deferred and presented as premium on flow-through shares in the statement of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures. The premium is measured as the difference between the current market price of the Company's common shares and the issue price of the flow-through share. Upon incurring and renouncing eligible resource exploration and evaluation expenditures, the Company recognizes the sale of tax deductions as a tax deduction recovery on the statement of comprehensive income (loss) and reduces the premium on flow-through shares.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Impairment of non-financial assets

At the end of each reporting period, the Company assesses each cash-generating unit to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted 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 carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. 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.

When an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

n) Cash and cash equivalents

Cash in the condensed interim consolidated statements of financial position is comprised of cash in banks and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of March 31, 2024, the Company only held cash.

o) Option agreement on mining properties

Options on interests in mining properties acquired by the Company are recorded as capitalized at the value of disbursed cash consideration, including any economic benefit transferred, but excluding future spending commitment. Since the commitment of future expenditures does not meet the definition of a liability, it is not recognized. Expenditures are recorded only when they are incurred by the Company.

When the Company sells its interests in mineral properties, it uses the book value of the property before the sale of the option as part of the carrying value of the property and credits any monetary consideration received and the fair value of other financial assets against the carrying value of this property. Any surplus is recorded in net income.

p) Provisions, contingent liabilities and contingent assets

A present obligation arises from the presence of legal or constructive commitment that has resulted from past events, such as legal disputes, liabilities related to decommissioning, restoration and similar liabilities or onerous contracts. The evaluation of provisions corresponds to the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the date of presentation of financial information, including risks and uncertainties relating to the obligation. When there is a large number of similar obligations, the likelihood that an outflow of resources will be required to settle these obligations is determined by

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Provisions, contingent liabilities and contingent assets (continued)

considering the class of obligations as a whole. Provisions are discounted when the time value of money is significant. Any reimbursement that the Company can be virtually certain to collect from a third party to the obligation is recognized as a separate asset. However, this asset should not exceed the amount of the related provision. Provisions are reviewed at each reporting date for financial information and adjusted to reflect current best estimates at that date. When a possible outflow of resources of economic benefits as a result from present obligations is considered either improbable or a low probability is determined, no liability is recorded unless it was assumed in the course of a business combination. In a business combination, contingent liabilities related to a present obligation is recognized in the allocation of the purchase price of the assets acquired and liabilities are assumed as part of the business combination. They are subsequently measured at the highest amount of a comparable provision, as described above, and the amount initially recognized, net of depreciation.

q) 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. Parties are also considered to be related if they are subject to common control or common significant influence. 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, services or obligations between related parties.

r) Business combinations

Business combinations are accounted for using the acquisition method in compliance with IFRS 3. The cost of the acquisition is measured at the aggregate of the fair values at the date of acquisition, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date. Acquisition related costs are recognized in profit or loss as incurred. The excess of the consideration over the fair value of the net identifiable assets acquired and liabilities assumed is recorded as goodwill. Any gain on a bargain purchase is recorded in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Any goodwill that arises is tested annually for impairment. During the year ended June 30, 2023, the Company acquired 1407899 B.C. Ltd., which did not meet the definition of a business combinations and was recorded as an asset acquisition.

s) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Financial instruments (continued)

Classification (continued)

are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	IFRS 9 Classification
Cash	Amortized cost
Investment	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs expensed in the condensed interim consolidated statements of loss and comprehensive loss. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded in the condensed interim consolidated statements of loss and comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve months expected credit losses.

The Company shall recognize in the condensed interim consolidated statements of net loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Financial instruments (continued)

Derecognition (continued)

Financial assets (continued)

are generally recognized in the condensed interim consolidated statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of income/loss and comprehensive income/loss.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New accounting standards issued and effective

Annual Improvements to IFRS Standards 2018-2020

The standard IFRS 9 Financial Instrument have been revised to incorporate amendments issued by the IASB in May 2020. The amendment clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The application of these amendments had no impact on the Company's loss or financial position.

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

Accounting standards and amendments issued but not yet adopted

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting period beginning after July 1, 2022. The Company has not early adopted these new standards in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

IAS 1 - Presentation of Financial Statements

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2020. The amendments clarify that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity, instruments, other assets, or services to the counterparty. In October 2022, the IASB issued another amendment to IAS 1 that specified how an entity assesses whether it has the right to defer settlement of a liability when that right is subject to compliance with covenants within twelve months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
(continued)

Accounting standards and amendments issued but not yet adopted (continued)

IAS 1 - Presentation of Financial Statements (continued)

permitted.

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in February 2021. The amendments require entities to disclose their material accounting policies rather than their significant accounting policies. The IASB has developed guidance and examples to help entities apply materiality judgments to accounting policy disclosure. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

IAS 7 - Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures

These standards have been revised to incorporate the amendments issued by the International Accounting Standards Board in May 2023. The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

IAS 8 - Definition of Accounting Estimates—Amendments

This standard Accounting Policies, Changes in Accounting Estimates and Errors has been revised to incorporate amendments issued by the IASB in February 2021. The amendments introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in May 2021. The amendments clarify the accounting for deferred tax on transactions such as leases and decommissioning obligations. The scope of the recognition exemption in IAS 12 no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

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4. EXPLORATION AND EVALUATION ASSETS

	Black Dog Gold Project	Black Beard Copper Project	Total
	\$	\$	\$
Balance, June 30, 2021 and 2022	-	-	-
Acquisition cost - cash paid	75,000	-	75,000
Acquisition cost - common shares issued (Note 7)	250,000	1,294,118	1,544,118
Exploration expenditures	109,165	-	109,165
Write-off of exploration and evaluation assets	(268,748)	-	(268,748)
Balance, June 30, 2023	165,417	1,294,118	1,459,535
Exploration expenditures	2,550	35,862	38,412
Balance, March 31, 2024	167,967	1,329,980	1,497,947

Black Dog Gold Project

On October 6, 2022, the Company signed a purchase and sale agreement with Caprock Ventures Corp. ("Caprock") to acquire a 100% interest in and to the Black Dog Gold Project located in Northern Quebec.

In consideration for the acquisition of the Black Dog Project, over the course of four years, the Company will be required to complete a series of cash payments totaling \$300,000 and issue an aggregate total of 5,000,000 common shares as shown below:

	Number of Common Shares	Cash
		\$
Signing of purchase and sale agreement	500,000	75,000
First-year anniversary of signing	1,000,000	75,000
Second-year anniversary of signing	1,500,000	75,000
Third-year anniversary of signing	2,000,000	75,000
Total	5,000,000	300,000

Upon completion of the payments, share issuances and expenditures, the Company will hold a 100% interest in the Black Dog Project.

During the year ended June 30, 2023, the Company paid the first \$75,000 and issued 500,000 common shares with a fair value of \$250,000 (Note 7).

During the year ended June 30, 2023, some of the claims have been lost and the Company has no chance to restake it. As a result, a write-off of \$268,748 was recorded to the consolidated statement of comprehensive loss for the year ended June 30, 2023. The 844-hectare Black Dog project consists of a block of 16 mineral claims approximately 60 kilometers north of Nemiscau, Quebec, in an immediate area that has seen prospective exploration activity in recent years.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Black Beard Project

On March 31, 2023, the Company closed the share exchange agreement with 1407899 B.C. ("1407899") Ltd. and the shareholders of 1407899 to acquire 100% of the approximately 1,975-hectare Black Bear property, located in the Bonavista Peninsula, eastern Newfoundland, Canada. The Black Beard Property comprises of 79 claims.

Pursuant to the share exchange agreement, the Company will issue 11,764,705 common shares to the vendors in exchange for 100% of the outstanding shares of 1407899. A third-party vendor retains a royalty (NSR) of 3% of the mining rights. On March 31, 2023, the Company issued 11,764,705 common shares with a fair value of \$1,294,118 (Note 7).

The Company has accounted for the purchase of 1407899 as an asset acquisition as it did not meet the definition of a business under IFRS 3, "Business Combination". The following table summarizes the total consideration, the fair value of the identifiable assets acquired, and liabilities assumed as of the date of the acquisition:

Fair value of common shares issued (11,764,705 shares at \$0.11)	\$	1,294,118
Total consideration	\$	1,294,118
Assets acquired:		
Exploration and evaluation asset	\$	1,294,118

5. INVESTMENT

Continuity for the nine months ended March 31, 2024 and year ended June 30, 2023 is as follows:

Common shares of Cache Exploration Inc.	Number of Shares	Cost	Fair value
		\$	\$
Balance, June 30, 2022	428,571	210,000	1,215
Unrealized loss on changes in fair value	-	-	(1,158)
Balance, March 31, 2024 and June 30, 2023	428,571	210,000	57

On February 28, 2017, the Company entered into an option agreement with Cache Exploration Inc. ("Cache") whereby Cache can earn a 100% interest in the Kiyuk Lake Property. To earn the 100% interest, Cache would pay the Company an aggregate amount of \$500,000, of which \$200,000 was paid in cash. Cache made the remaining payment of \$300,000 by issuing 428,571 common shares with a fair value of \$210,000 to the Company during the year ended June 30, 2018. During the nine months ended March 31, 2024, the market value of the investment decreased and an unrealized loss of \$Nil (2023 - \$1,157) was recognized in profit and loss.

6. LOANS PAYABLE

On November 21, 2019, the Company entered into two separate loan agreements with arm's length parties for \$180,000 each, resulting in an aggregate amount of \$360,000. Both loans bear interest at 12% per annum. The principal amount and any accrued interest are due on the demand of the lenders. The loans are unsecured.

On February 17, 2021, the Company entered into a loan agreement with an arm's length party for \$10,000. An additional loan of \$5,000 was received by the Company on March 30, 2021, \$10,000 on June 30, 2021, \$25,000 on September 10, 2021, and \$3,000 on October 27, 2021, resulting in an aggregate amount of \$53,000. These loans bear interest at 7% and 10% per annum. The principal amount and any accrued interest are due within 12 months from the date of the agreement. The loans are unsecured.

On February 16, 2022, the Company entered into a loan agreement with an arm's length party for \$5,000. The loan bears interest at 7% per annum. The principal amount and any accrued interest are due within 12 months from the date of the agreement. The loans are unsecured.

On June 2, 2022, the Company entered into two loan agreements, \$1,000 each, with arm's length parties for a total of \$2,000. The loans bear interest at 7% per annum. The principal amounts and any accrued interests are due within 12 months from the date of the agreement. The loans are unsecured.

During the year ended June 30, 2021, an outstanding convertible debenture balance of \$85,188 was reclassified to loans payable as the conversion option for the debentures has expired. The loans bear interest at 8% per annum. The outstanding amounts are due on the demand of the lenders. The loans are unsecured. As of March 31, 2024, the balance of \$62,532 including remains outstanding.

On August 18, 2022, the Company entered into two loan agreements, \$5,000 each, with arm's length parties for a total of \$10,000. The loans bear interest at 10% per annum. The principal amounts and any accrued interests are due within 12 months from the date of the agreement. The loans are unsecured.

On October 24, 2022, the Company entered into a loan agreement with an arm's length party for \$5,000. The loan bears interest at 10% per annum. The principal amount and any accrued interest are due within 12 months from the date of the agreement. The loan is unsecured.

On November 28, 2022, the Company entered into a loan agreement with an arm's length party for \$75,000. The loan bears interest at 10% per annum. The principal amount and any accrued interest are due within 12 months from the date of the agreement. The loan is unsecured.

On December 19, 2022, the Company entered into a loan agreement with an arm's length party for \$70,000. The loan bears interest at 10% per annum. The principal amount and any accrued interest are due within 12 months from the date of the agreement. The loan is unsecured.

During the nine months ended March 31, 2024, the Company recorded interest expense of \$27,588 (2023 - \$45,310) on these loans. As of March 31, 2024, the balance outstanding including accrued interest was \$377,565 (June 30, 2023 - \$849,977). As at March 31, 2024, loans are composed by \$62,532 (June 30, 2023 - \$160,000) with a short-term payable date and \$315,033 (June 30, 2023 - \$689,977) payable on demand.

During the nine months ended March 31, 2024, a total of \$500,000 loans including its accrued interest was settled by the Company.

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7. SHARE CAPITAL

a) Authorized:

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

On December 23, 2022, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidated share for every 10 pre-consolidated shares.

There were no shares issued during the nine months ended March 31, 2024.

During the year ended June 30, 2023

On March 31, 2023, the Company issued 11,764,705 common shares with a fair value of \$0.11 per share totaling \$1,294,118 pursuant to the share exchange agreement for the Black Beard Project (Note 4).

On March 23, 2023, the Company closed a non-brokered private placement of 20,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,000,000. Each unit comprises both a common share and a common share purchase warrant. Each transferable warrant entitles the holder to acquire one common share of the company exercisable at a price of \$0.05 per warrant and have an expiry of 36 months from the date of issuance.

In connection with the issuance, the Company paid cash finders' fees of \$70,400 and issued 1,408,000 finders' warrants with a fair value of \$152,546, with each finders' warrants exercisable to acquire an additional common share at a price of \$0.05 for a period of 36 months from date of issuance.

On October 7, 2022, the Company issued 500,000 common shares with a fair value of \$250,000 pursuant to the purchase and sale agreement for the Black Dog Gold Project (Note 4).

b) Share options:

There were no stock options outstanding as of March 31, 2024 and June 30, 2023.

c) Share purchase warrants:

On March 23, 2023, the Company issued 20,000,000 share purchase warrants and 1,408,000 finders' warrants with an exercise price of \$0.05 in connection with the non-brokered private placement of 20,000,000 common shares. The fair value of the warrants was \$496,205 and \$152,546 for the finders' warrants which were estimated using the Black-Scholes pricing model with the assumptions of expected volatility of 260.84%, risk-free rate 3.46%, dividend yield 0%, stock price at granted date \$0.11 and expected life of three years.

As at March 31, 2024, share purchase warrants outstanding are as follows:

	Number of warrants		Weighted average exercise price
Balance, June 30, 2022 and 2021	-	\$	-
Issued	21,408,000		0.05
Balance, March 31, 2024 and June 30, 2023	21,408,000	\$	0.05

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7. SHARE CAPITAL (continued)

c) Share purchase warrants: (continued)

A summary of the share purchase warrants outstanding as at March 31, 2024 is as follows:

	Warrants issued and exercisable	Exercise price	Expiry date
Share purchase warrants	21,408,000	\$ 0.05	March 23, 2026

The weighted average life of warrants outstanding is 1.98 years as at March 31, 2024.

8. RELATED PARTY BALANCES AND 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 compensation

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include current and former officers and the directors of the Company. The remuneration of key management is as follows:

Nine months ended March 31,	2024		2023	
Management fees	\$	15,881	\$	-
Consulting fees		2,250		2,363
	\$	18,131	\$	2,363

Management and consulting services were provided by companies owned by officers and directors of the Company.

Other transactions and balances

As at March 31, 2024, the Company has \$525 (June 30, 2023 - \$525) receivable and \$788 (June 30, 2023 - \$263) due to related parties as result of related party transactions incurred throughout the period, which was included in amounts receivable and in accounts payable and accrued liabilities, respectively. The amounts are receivable from a director of the Company. The amounts are due to directors and companies controlled by directors of the Company. These amounts are non-interest bearing, unsecured and are due upon demand.

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

As at March 31, 2024, the Company considers the aggregate of its share capital, contributed surplus and deficit as capital therefore \$290,559 compared to \$510,350 equity as at June 30, 2023, a decrease of \$219,791 during the period. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

a) Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or amortized cost. The carrying values of the Company's condensed interim consolidated financial instruments are classified into the following categories:

Financial Instrument	Category	March 31, 2024	June 30, 2023
		\$	\$
Cash	Amortized cost	14,767	767,884
Investment	FVTPL	57	57
Accounts payable and accrued liabilities	Amortized cost	854,798	871,630
Loans payable	Amortized cost	377,565	849,977

b) Fair value of financial instruments

IFRS 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investment is carried at fair value on a recurring basis using Level 1 inputs. The fair value of the Company's cash, accounts payable and accrued liabilities, and loans payable approximates their carrying value as of March 31, 2024 because of the demand nature or short-term maturity of these instruments.

c) Financial risk management objectives and policies

The Company's financial instruments include cash, investment, accounts payable and accrued liabilities, and loans payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and there is no current exposure to exchange rate fluctuations. The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

c) Financial risk management objectives and policies (continued)

(ii) Interest rate risk

The Company is exposed to interest rate risk on the fixed rate of loans payable. Fixed-rate instruments subject the Company to a fair value risk. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high-quality financial institution.

(iv) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. All of the Company's liabilities are due within 12 months of the date on the condensed interim consolidated statements of financial position.

11. COMMITMENTS AND CONTINGENCIES

As at March 31, 2024, the Company has no commercial and management liability insurance policy which allowed reducing the various risks inherent to Company's activities.

12. SUBSEQUENT EVENT

No subsequent event.