FORGE RESOURCES CORP.
(FORMERLY BENJAMIN HILL MINING CORP.)

CONSOLIDATED FINANCIAL STATEMENTS
For the years ended August 31, 2024 and 2023
(Expressed in Canadian dollars)

WDM Chartered Professional Accountants

Independent Auditor's Report

To the Shareholders of:
FORGE RESOURCES CORP.
(formerly Benjamin Hill Mining Corp.)

SERVICE

INTEGRITY

TRUST

Opinion

We have audited the consolidated financial statements of Forge Resources Corp. (formerly Benjamin Hill Mining Corp) ("the Company"), which comprise the consolidated statements of financial position as at August 31, 2024 and the consolidated statements of loss and comprehensive loss, changes in shareholders' (deficiency) equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present in all material respects, the financial position of the Company as at August 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 incurred a net loss of $3,121,532 during the year ended August 31, 2024, and as of that date, had accumulated losses since inception of $18,853,530. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements for the year ended August 31, 2023, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on January 2, 2024.

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 August 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Investment in Associate involving Step-Acquisition
Key Audit Matter Description

The Company initially acquired 24% ownership interest in Aion Mining Corp. ("Aion") and subsequently increased to 46% ownership interest through a step acquisition during the year ended August 31, 2024. The initial acquisition was measured at cost, while the increase in investment was measured using the fair value of consideration paid to measure the Company's increase in share in the associate's net assets. We considered this to be a key audit matter due to the materiality of the transaction and the significant judgment and estimates applied by management in determining the

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measurement of the step acquisition. Further disclosure regarding the Company's investment in associate is described in Note 6 to the consolidated financial statements.

Audit Response

We responded to this matter by evaluating the accuracy of the valuation of the Investment in Associate and assessing the reasonableness of the assumptions and methodologies applied by the management. Our audit work included, but were not limited to, the following:

- Obtained an understanding of the transactions and examined the relevant agreements related to the acquisition of Aion.
- Assessed the appropriate accounting treatment of the acquisition in accordance with International Accounting Standards 28, Investment in Associates and Joint Ventures.
- Assessed and reperformed the valuation of the investment and evaluated management assumptions and methodologies.
- Assessed the appropriateness, accuracy and completeness of the disclosures ensuring that users of the consolidated financial statements are provided with reliable information in the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mike Kao.

WDM

Chartered Professional Accountants

Vancouver, B.C.
December 23, 2024

FORGE RESOURCES CORP.
(Formerly Benjamin Hill Mining Corp.)
Consolidated Statements of Financial Position
As at August 31, 2024 and 2023
(Expressed in Canadian dollars)

	Note	2024 $	2023 $
ASSETS			
Current assets			
Cash		344,036	34,546
Sales tax receivable		266,648	29,992
Exploration advances	5	66,017	-
Prepaids		253,168	13,596
Total current assets		929,869	78,134
Non-current assets			
Exploration and evaluation assets	5	3,611,966	557,027
Investment in associate	6	2,777,150	-
Total non-current assets		6,389,116	557,027
TOTAL ASSETS		7,318,985	635,161
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities		113,824	1,286,059
Due to related parties	9	51,907	83,715
Total current liabilities		165,731	1,369,774
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Capital stock	7	22,263,858	12,572,811
Obligation to issue shares	5,7	-	6,500
Reserves	7	3,793,528	2,418,074
Accumulated other comprehensive loss		(50,602)	-
Deficit		(18,853,530)	(15,731,998)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		7,153,254	(734,613)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		7,318,985	635,161

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

Approved and authorized for issue on behalf of the Board of Directors:

"Cole McClay"	*"Greg Bronson"*
Director	Director

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

FORGE RESOURCES CORP.
(Formerly Benjamin Hill Mining Corp.)
Consolidated Statements of Loss and Comprehensive Loss
For the years ended August 31, 2024 and 2023
(Expressed in Canadian dollars)

	Note	2024 $	2023 $
EXPENSES			
Consulting	9	348,824	132,000
Foreign exchange gain		(6,451)	(318)
Marketing		929,855	-
Office and administration		40,516	8,132
Professional fees	9	201,778	143,238
Rent		36,000	36,000
Stock-based compensation	7,9	1,338,995	37,008
Transfer agent and filing fees		62,233	44,767
		(2,951,750)	(400,827)
OTHER ITEMS			
Loss on disposal of subsidiary	13	(3,714)	-
Loss on settlement of debt		(34,775)	-
Share of loss from associate	6	(135,002)	-
Write-down of exploration and evaluation assets	5	-	(3,834,558)
Net loss for the year from continuing operations		(3,125,241)	(4,235,385)
Income (loss) from discontinued operation	13	3,709	(3,762,584)
NET LOSS FOR THE YEAR		(3,121,532)	(7,997,969)
Other comprehensive loss			
Share of other comprehensive loss from associate		(50,602)	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(3,172,134)	(7,997,969)
Basic and diluted loss per share		(0.04)	(0.14)
Weighted average number of shares outstanding – Basic and diluted		72,343,440	58,638,985

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

FORGE RESOURCES CORP.
(Formerly Benjamin Hill Mining Corp.)
Consolidated Statements of Cash Flows
For the years ended August 31, 2024 and 2023
(Expressed in Canadian dollars)

	2024 $	2023 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(3,121,532)	(7,997,969)
Item not involving cash:		
Share of loss from associate	135,002	-
Stock-based compensation	1,338,995	37,008
Loss on settlement of debt	34,775	-
Loss on disposal of subsidiary	3,714	-
Write-down of exploration and evaluation assets	-	7,504,566
Changes in non-cash working capital:		
Sales tax receivable	(236,656)	(9,791)
Prepaids	(239,572)	2,757
Accounts payable and accrued liabilities	(430,368)	137,798
Due to related parties	(31,808)	65,865
Net cash used in operating activities	(2,547,450)	(259,766)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in associate	(1,500,000)	-
Exploration and evaluation assets	(3,009,439)	(257,581)
Exploration advances	(66,017)	-
Cash relinquished on disposal of subsidiary	(3,714)	-
Net cash used in investing activities	(4,579,170)	(257,581)
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placement	6,725,760	402,000
Share issuance costs	(598,663)	(3,703)
Exercise of warrants	1,218,013	-
Exercise of stock options	91,000	-
Net cash provided by financing activities	7,436,110	398,297
Change in cash	309,490	(119,050)
Cash, beginning of year	34,546	153,596
CASH, END OF YEAR	344,036	34,546

Supplemental Cash Flow Information (Note 14)

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

FORGE RESOURCES CORP.
(Formerly Benjamin Hill Mining Corp.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended August 31, 2024 and 2023
(Expressed in Canadian dollars)

	Note	Number of Shares	Capital Stock $	Obligation to Issue Shares $	Reserves $	Accumulated Other Comprehensive Loss $	Deficit $	Total $
Balance as at August 31, 2022	7(b)	58,198,437	12,174,514	-	2,381,066	-	(7,734,029)	6,821,551
Private placements		3,349,999	402,000	-	-	-	-	402,000
Shares issued costs		-	(3,703)	-	-	-	-	(3,703)
Stock-based compensation		-	-	-	37,008	-	-	37,008
Obligation to issue shares		-	-	6,500	-	-	-	6,500
Net loss for the year		-	-	-	-	-	(7,997,969)	(7,997,969)
Balance as at August 31, 2023	7(b)	61,548,436	12,572,811	6,500	2,418,074	-	(15,731,998)	(734,613)
Private placements – Non-flow-through shares		9,192,750	5,555,760	-	-	-	-	5,555,760
Private placements – Flow-through shares		3,167,500	1,101,250	-	68,750	-	-	1,170,000
Share issued for the investment in associate		3,111,186	1,462,755	-	-	-	-	1,462,755
Shares issued for the finders of exploration assets		100,000	52,000	(6,500)	-	-	-	45,500
Exercise of warrants		3,996,205	1,218,013	-	-	-	-	1,218,013
Exercise of stock options		350,000	170,319	-	(79,319)	-	-	91,000
Shares issued for finder's fees		200,000	96,000	-	-	-	-	96,000
Share issue costs – cash		-	(598,664)	-	-	-	-	(598,664)
Share issue costs – warrants		-	(143,028)	-	143,028	-	-	-
Stock-based compensation		-	-	-	1,242,995	-	-	1,242,995
Debt settlement		1,159,167	776,642	-	-	-	-	776,642
Other comprehensive loss		-	-	-	-	(50,602)	-	(50,602)
Net loss for the year		-	-	-	-	-	(3,121,532)	(3,121,532)
Balance as at August 31, 2024		82,825,244	22,263,858	-	3,793,528	(50,602)	(18,853,530)	7,153,254

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Forge Resources Corp. (Formerly Benjamin Hill Mining Corp.) (the "Company") was incorporated on August 21, 2014 under the Business Corporations Act of British Columbia. The head office of the Company is 1050 - 12471 Horseshoe Way, Richmond, BC, V7A 4X6. The registered and records office is Suite 700, 401 W Georgia St, Vancouver, BC, V6B 5A1. The common shares of the Company are listed on the Canadian Securities Exchange ("CSE") under the symbol "FRG", on the OTCQB under the symbol "FRGGF" and on the Frankfurt Stock Exchange ("FSE") under the symbol "5YZ".

The Company is in the business of the exploration and development of natural resource properties in Canada and Colombia.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2024, the Company has not generated any revenues from operations, has a working capital of $764,138 and accumulated deficit of $18,853,530.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management assesses that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions 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 is not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the classifications used could be material.

These consolidated financial statements were approved by the Board of Directors of the Company on December 23, 2024.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared using accounting policies in accordance International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The material accounting policies applied in these financial statements are based on the IFRS issued and effective as of August 31, 2024.

These consolidated financial statements include the accounts of the Company and its formerly wholly owned subsidiary. The Company's former subsidiary is Benjamin Hill Mining Company SA de CV (formerly Mojave Gold SA De CV), which was incorporated in Mexico on October 14, 2020. A subsidiary is any entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity; is exposed to variable returns in connection with its interest in the entity; and a linkage exists between this power and exposure to variable returns. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control. The Company disposed of its former subsidiary on February 19, 2024. Certain comparative amounts have been reclassified to conform to the current year's presentation, refer to Note 13 for the discontinued operations disclosure.

All intra-group transactions, balances, income and expenses are eliminated, in full, on consolidation.

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

The consolidated financial statements are presented in Canadian Dollars, which is also the Company and its former subsidiary's functional currency, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

a) Significant judgments

The preparation of the consolidated financial statements in conformity with IFRS requires to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the existence of indicators of impairment of the Company's exploration and evaluation assets;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the determination of the functional currency of the parent company and its subsidiary.

b) Significant estimates and assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

4. MATERIAL ACCOUNTING POLICIES

a) Foreign Currency Translation

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of both the parent company and its former subsidiary. The Company's former subsidiary is domiciled in Mexico and, when required, utilizes a mix of currencies in local transactions. As the former subsidiary did not generate its own cash inflows and is exclusively financed by the parent company in Canadian dollars, management has determined that its functional currency is also the Canadian dollar.

<u>Transactions and balances:</u>

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in profit or loss in the statement of comprehensive loss.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Cash

Cash includes cash on hand, deposits held with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value.

c) Exploration and Evaluation Assets

The Company's exploration and evaluation assets consist of mineral rights acquired and exploration and evaluation expenditure capitalized in respect of projects that are at the exploration and evaluation stage.

No amortization charge is recognized in respect of exploration and evaluation assets. These assets are transferred to property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditures in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditures related to an area of interest where the Company has tenure are capitalized as intangible assets and are initially recorded at cost less impairment.

Exploration and evaluation expenditures also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Where the Company has entered into option agreements to acquire interests in mineral properties that require periodic share issuances, amounts un-issued are not recorded as liabilities since they are issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date of the issuance.

All capitalized exploration and evaluation expenditure is assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The following circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditures on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income or loss of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

If there is objective evidence that the Company's net investment in an associate is impaired, the requirements of IAS 36 Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Company retains an interest in the former associate and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of. When the Company reduces its ownership interest in an associate but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When the Company transacts with an associate, profits and losses resulting from the transactions with the associate are recognised in the Company's consolidated financial statements only to the extent of interests in the associate that are not related to the Company. The Company applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Company does not take into account adjustments to their carrying amount required by IAS 28 Investments in Associates and Joint Ventures (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed 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 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. 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 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.

f) Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (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 are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

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 are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) Financial Instruments (continued)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured 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 has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive 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.

(iv) 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.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

h) Unit offerings

Common shares are classified as equity. Proceeds from unit placements are allocated between shares and warrants issued using the residual method. The residual method first allocates fair value to the component with the best evidence of fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares, measured on date of issue, was determined to be the component with the best evidence of fair value. The balance, if any, was allocated to the attached warrants. Costs directly identifiable with share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations in the period they are incurred.

i) Reserves

Reserves relate to share-based payment reserve, which represent the fair value of stock options or warrants until such time that the share-based instruments are exercised, at which time the corresponding amount will be transferred to share capital.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) Flow-through shares

The issuance of flow-through shares is accounted for similarly to the issuance of a compound financial instrument. The liability component represents the premium paid for the tax benefit to the investors. Proceeds from the issuance of shares and warrants by flow-through private placements are first allocated between shares and warrants issued and a liability account using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and then the fair value of the warrants calculated based on Black Scholes Pricing Model and any residual in the proceeds is allocated to the liability. Upon renunciation of the flow through expenditures, the liability component is derecognized in the statement of loss and comprehensive loss and a deferred income tax liability is recognized for the taxable temporary difference created at the Company's applicable tax rate which is expected to apply in the year the deferred income tax liability will be settled. Any difference between the amount of the liability component derecognized and deferred income tax liability recognized is recorded in the statement of loss and comprehensive loss.

k) Stock-based compensation

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion.

The fair value of the options is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Upon expiration/cancellation of options and warrants, the fair value measured at grant date remain in reserves.

l) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

m) 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.

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 asset and 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.

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

(Expressed in Canadian Dollars)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n) Accounting standards adopted during the year

The Company adopted the following new IFRS standard effective for annual periods beginning on or after January 1, 2023. The nature and impact of the standard on the Company's consolidated annual audited financial statements is indicated below.

In February 2021, the IASB issued Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). IAS 1 is amended to require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy and clarify that information may be material because of its nature, even if the related amounts are immaterial. These amendments have not had a material impact on the Company's annual consolidated financial statements.

o) Accounting pronouncements not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. Management has no plans for early adoption and will evaluate the impact on its financial statement presentation closer to the effective date.

5. EXPLORATION AND EVALUATION ASSETS

	Sonora Gold Property, Mexico $	Alotta Property, Yukon $	Total $
Balance – August 31, 2022	**7,479,171**	**-**	**7,479,171**
Acquisition costs:	-	56,500	56,500
Exploration costs:			
Drilling	7,259	391,325	398,584
Geology	13,060	109,202	122,262
Office, miscellaneous and travel	2,076	-	2,076
Rent	3,000	-	3,000
	25,395	500,527	525,922
Write-down of exploration and evaluation assets	(7,504,566)	-	(7,504,566)
Balance – August 31, 2023	**-**	**557,027**	**557,027**
Acquisition costs:	-	95,500	95,500
Exploration costs:			
Consulting fees	-	72,000	72,000
Drilling	-	2,911,870	2,911,870
Office, miscellaneous and travel	-	5,594	5,594
	-	2,989,464	2,989,464
Cost recoveries	-	(30,025)	(30,025)
Balance – August 31, 2024	**-**	3,611,966	3,611,966

<u>Exploration Advances</u>

As at August 31, 2024, the Company had $66,017 (2023 - $nil) of exploration advances for future work on the property.

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Alotta Property, Yukon, Canada

During the year ended August 31, 2023, the Company entered into an option agreement (the "Agreement") with Strategic Metals Ltd. for an option right to earn an undivided 60% joint venture interest in the Alotta project located in the Whitehorse mining district, Yukon.

The option may be exercised by making cash payments in aggregate of $500,000 within five years of the execution of the agreement as follows:

(i) $25,000 upon execution of this agreement by all parties (paid);

(ii) $25,000 on or before July 1, 2023 (paid);

(iii) $50,000 on or before January 17, 2024 (paid);

(iv) $100,000 on or before January 17, 2025;

(v) $100,000 on or before January 17, 2026;

(vi) $100,000 on or before January 17, 2027; and

(vii) $100,000 on or before January 17, 2028.

The Company must also incur aggregate expenditures of $11,000,000 over five years, as follows:

(i) $500,000 on or before December 31, 2023 (incurred);

(ii) $1,500,000 on or before December 31, 2024 (incurred);

(iii) $2,500,000 on or before December 31, 2025;

(iv) $3,000,000 on or before December 31, 2026; and

(v) $3,500,000 on or before December 31, 2027.

In connection with the agreement, the Company has entered into a finder's fee agreement with a third party for up to 300,000 common shares of the Company, in installment amounts due concurrent with cash payments payable under the option agreement during the first three years of the term of the agreement as detailed below (issued 100,000 common shares during the year ended August 31, 2024, which 50,000 was due at August 31, 2023 and accrued at a fair value of $6,500 as an obligation to issue shares, Note 7).

(i) 25,000 upon execution of this agreement by all parties (issued);

(ii) 25,000 on or before July 1, 2023 (issued);

(iii) 50,000 on or before January 17, 2024 (issued);

(iv) 100,000 on or before January 17, 2025;

(v) 100,000 on or before January 17, 2026;

(Expressed in Canadian Dollars)

6. INVESTMENT IN ASSOCIATE

Details of material associate

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company	
			August 31,	
			2024	2023
Aion Mining Corp.	Mineral exploration	British Columbia, Canada Branch office in Bogota, Colombia	46.07%	0%

Summarized financial information in respect of Aion Mining Corp. ("Aion") as the Company's material associate is set out below. The summarized financial information below represents amounts in associate's financial statements prepared in accordance with IFRS Accounting Standards (adjusted by the Company for equity accounting purposes):

Table 1 – Summary of the fair value of the net assets of Aion

	December 13, 2023 $	April 15, 2024 $	August 31, 2024 $
Current assets	1,149,438	2,743,912	2,012,586
Non-current assets	1,474,901	1,986,238	2,374,292
Current liabilities	(972,492)	(1,160,436)	(1,291,120)
Fair value of net assets	1,651,847	3,569,713	3,095,758
Excluding the following:			
Cash consideration to Aion:	(500,000)	(1,000,000)	
Fair value of the Company's shares issued to Aion on December 13, 2023:	(633,013)	(881,411)	
Fair value of the Company's shares issued to Aion on April 15, 2024	-	(829,742)	
Fair value of net assets of Aion acquired by the Company	518,834	858,560	
Economic interest acquired	24.26%	21.81%	
The Company's share of the fair value of net assets of Aion	125,879	187,252	

(Expressed in Canadian Dollars)

6. INVESTMENT IN ASSOCIATE (CONTINUED)

Table 2 – Summary of the income (loss) and comprehensive (loss) of Aion

	From December 13, 2023 to April 14, 2024 $	From April 15, 2024 to August 31, 2024 $	Total from initial acquisition December 13, 2023 to August 31, 2024 $
Company's economic interest	24.26%	46.07%	From 24.26% to 46.07%
Loss for the period	(215,708)	(179,441)	(395,149)
The Company's share for the loss for the period	(52,335)	(82,667)	(135,002)
Other comprehensive income (loss)	311,697	(294,515)	17,182
Elimination of the change in fair value of Aion's reciprocal holding of the Company's shares included in the other comprehensive income (loss)	(256,411)	155,560	(100,851)
Other comprehensive income (loss) for allocation to the Company	55,286	(138,955)	83,669
The Company's share for the other comprehensive income (loss)	13,414	(64,016)	(50,602)

Step acquisition of Aion

On December 13, 2023, the Company signed a definitive agreement with Aion to complete the Company's acquisition of a 24.26% economic interest in Aion. Pursuant to the agreement, the Company acquired common shares of Aion representing a 24.26% economic interest. In consideration, the Company provided Aion with the following: $500,000 in cash on closing (paid); and 1,602,565 common shares of the Company at a fair value of $633,013 (issued) (**Table 1 & Table 3**).

On April 15, 2024, the Company acquired common shares of Aion to bring the total ownership to a 46.07% economic and voting interest. In consideration, the Company provided Aion with the following: $1,000,000 in cash on closing (paid); and 1,508,621 common shares of the Company at a fair value of $829,742 (issued) (**Table 1 & Table 3**).

The Company was also granted a right of first refusal for two years, allowing it to purchase common shares in Aion to offset any further issuances by Aion of securities, to allow the Company the opportunity to maintain its 40% economic and voting interest.

Aion is a non-arm's length party to the Company by reason of sharing a common director, Cole McClay.

The Company has determined that it exercises significant influence over Aion and accounts for this investment using the equity method of accounting.

During the year ended August 31, 2024, the Company recorded its proportionate share of Aion's net loss of $135,002 (2023 - $Nil) and comprehensive loss of $50,602 (2023 - $Nil) on the consolidated statements of loss and comprehensive loss.
The following table illustrates the allocation of the fair value of the Company's consideration transferred to Aion related to the step acquisitions of the economic interest of Aion up to 46.07% as at August 31, 2024.

(Expressed in Canadian Dollars)

6. INVESTMENT IN ASSOCIATE (CONTINUED)

Table 3 - Allocation of the considerations transferred from the Company to Aion for the step-acquisitions of the cumulative 46.07% as at August 31, 2024

	December 13, 2023 $	April 15, 2024 $	Total $
Consideration transferred:			
Cash paid	500,000	1,000,000	1,500,000
Fair value of shares issued	633,013	829,742	1,462,755
Fair value of the considerations	1,133,013	1,829,742	2,962,755
The Company's share of the fair value of net assets of Aion (Table 1)	(125,879)	(187,252)	(313,131)
Goodwill	1,007,134	1,642,490	2,649,624

Table 4 – Reconciliation of the Company's Share of Net Assets of Aion to the Carrying Value of the Investment in Aion

	As at year ended August 31, 2024 $
Fair value of Net Assets of Aion at August 31, 2024 (**Table 1**)	3,095,758
Elimination of the fair value of Aion's reciprocal holding of the Company's share	(1,555,593)
The Company's share (46.07%) of the fair value of the net assets of Aion as at August 31, 2024	709,554
Goodwill at acquisitions of 24.26% interest in Aion on December 13, 2023 and additional 21.81% economic interest on April 15, 2024 (**Table 3**)	2,649,624
Adjustment for the reduction of the incremental share of loss in Aion between December 13, 2023 to April 15, 2024 from 46.07% to 24.26%	47,046
Adjustment for the reduction of the incremental share of other comprehensive income in Aion between December 13, 2023 to April 15, 2024 from 46.07% to 24.26%	(12,058)
Elimination of the share of the other shareholders of Aion's net change in the fair value of its net assets contributed by the cash portion of the Goodwill between December 13, 2023 to April 14, 2024 (75.74% or 100% less 24.26% on $339,727)	(257,309)
Elimination of the share of the other shareholders of Aion's net change in the fair value of its net assets contributed by the cash portion of the Goodwill between April 15, 2024 to August 31, 2024 (53.93% or 100% less 46.07% on $681,605)	(367,590)
Others	7,883
Carrying value of Investment in Aion as at August 31, 2024	2,777,150

7. CAPITAL STOCK

a) Authorized

Unlimited common and preferred shares without par value.

b) Share issuance details

Share capital transactions during the year ended August 31, 2024 were as follows:

- Issued 3,996,205 common shares from the exercise of warrants for proceeds of $1,218,013.
- Issued 350,000 common shares from the exercise of stock options for proceeds of $91,000 and transferred a fair value of $79,319 from reserves to share capital in relation to the exercise.
- Closed a non-brokered private placement comprising of 2,480,000 flow-through units ("FT Unit") at $0.25 per FT Unit for proceeds of $620,000 and 840,000 non-flow-through units ("NFT Unit") at $0.25 per NFT Unit for proceeds of $210,000. Each FT Unit consists of one flow-through common share and one non-flow-through share purchase warrant ("NFT Warrant"). Each NFT Warrant entitles the holder to acquire an additional non-flow-through common share of the Company at a price of $0.28 per share for a period of three years from the date of issuance. Each NFT Unit consists of one common share and one NFT Warrant which will enable the holder to purchase one common share of the Company at a price of $0.28 per share for a period of three years from the date of issuance. The Company paid $18,919 of cash share issuance costs in relation to the financing.
- Issued 1,159,167 common shares with a fair value of $776,642 to settle debt totalling $741,868 for a loss on settlement of debt in the amount of $34,775.
- Closed a private placement comprising of 8,352,750 units at $0.64 per unit for proceeds of $5,345,760. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at a price of $0.80 per share for a period of three years from the date of issuance. Upon closing of the private placement, the Company paid to the agent a cash commission of $305,746 and issued 500,727 non-transferrable compensation warrants exercisable at $0.64 for two years from the closing date at a fair value of $135,136 calculated using the Black Scholes Pricing Model. Each compensation warrant consists of one common share and one share purchase warrant of the Company. Each warrant entitles the holder to acquire an additional common share of the Company at a price of $0.80 per share for a period of three years from the date of issuance of the compensation warrants. The Company paid an additional $243,999 in cash share issuance costs in relation to the financing.
- Issued 100,000 common shares at a fair value of $52,000 in connection with finder's fee agreement for the Company's Alotta property (Note 5) of which $6,500 was recorded as an obligation to issue shares during the year ended August 31, 2023.
- Issued 200,000 common shares at a fair value of $96,000 in connection with a finder's fee agreement.
- Issued 3,111,186 shares at a fair value of $1,462,755 for an investment in associate (Note 6).
- Closed a non-brokered private placement comprising of 687,500 flow-through units ("FT Unit") at $0.80 per FT Unit for proceeds of $550,000. Each FT Unit consists of one flow-through common share and one non-flow-through share purchase warrant ("NFT Warrant"). Each NFT Warrant entitles the holder to acquire an additional non-flow-through common share of the Company at a price of $1.10 per share for a period of one year from the date of issuance. The Company paid $30,000 of cash share issuance costs in relation to the financing and 37,500 finder's warrant under the same terms at a fair value of $7,892 calculated using the Black Scholes Pricing Model.

Share capital transactions during the year ended August 31, 2023 were as follows:

- Closed a private placement consisting of 3,349,999 units at a price of $0.12 per unit for proceeds of $402,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share at a price of $0.20 per share for two years. Legal fees of $3,703 were incurred as share issue costs. The CEO of the Company purchased 833,333 of the units for total proceeds of $100,000.
- Recorded a fair value of $6,500 as an obligation to issue shares for an exploration and evaluation asset (Note 5).

(Expressed in Canadian Dollars)

7. CAPITAL STOCK (CONTINUED)

c) Stock options

The Company's plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares. No stock option granted under the plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

A summary of the Company's outstanding share purchase options as at August 31, 2024 and the changes during the year are presented below:

	Number of Options	Weighted Average Exercise Price ($)
Balance – August 31, 2022 and 2023	5,299,210	0.50
Granted	4,790,000	0.29
Cancelled/expired	(1,575,105)	0.53
Exercised	(350,000)	0.26
Balance – August 31, 2024	8,164,105	0.40

Number of Options outstanding	Exercise Price ($)	Expiry Date	Number of options exercisable
25,000	0.50	April 14, 2025	25,000
444,105	0.25	July 22, 2025	444,105
1,300,000	0.26	November 1, 2025	1,300,000
1,900,000	0.59	February 25, 2026 *	1,900,000
375,000	0.43	October 25, 2026 **	375,000
980,000	0.44	February 21, 2027	980,000
2,250,000	0.26	November 1, 2028	2,250,000
500,000	0.53	January 22, 2029	500,000
390,000	0.64	June 3, 2029	268,719
8,164,105			8,164,105

* Subsequent to August 31, 2024, 350,000 options expired, and the expiry date was extended to February 18, 2026.
**Subsequent to August 31, 2024, 375,000 options expired.

d) Stock-based compensation

During the year ended August 31, 2024, the Company granted 4,790,000 stock options at a weighted average exercise price of $0.29 per share. The total stock-based compensation recognized on stock options granted during the year ended August 31, 2024 was $1,242,995.

The weighted average fair value of each stock option granted during the year ended August 31, 2024 was $0.21, calculated using the Black-Scholes Option Pricing Model on the grant date using the following weighted average assumptions:

	Year ended August 31, 2024	Year ended August 31, 2023
Risk-free interest rate	4.12%	-
Expected life of option	3.87 years	-
Expected dividend yield	0%	-
Expected stock price volatility	129.94%	-

(Expressed in Canadian Dollars)

7. CAPITAL STOCK (CONTINUED)

e) Share purchase warrants

A summary of the Company's outstanding share purchase warrants as at August 31, 2024 and the changes during the year are presented below:

	Number of Warrants	Weighted Average Exercise Price ($)
Outstanding – August 31, 2022	5,424,480	0.48
Issued	3,349,999	0.20
Expired	(243,773)	0.15
Outstanding – August 31, 2023	8,530,706	0.38
Issued	12,360,250	0.68
Expired	(3,906,135)	0.50
Exercised	(3,996,205)	0.30
Outstanding – August 31, 2024	12,988,616	0.65

Expiry Date	Number of Warrants	Exercise Price ($)
June 27, 2025	687,500	1.10
July 14, 2025	1,083,366	0.20
November 1, 2026	2,865,000*	0.28
March 26, 2027	8,352,750	0.80
	12,988,616	

*Subsequent to August 31, 2024, 60,000 warrants were exercised for proceeds of $16,800.

f) Finder's Warrants

A summary of the Company's outstanding finder's warrants as at August 31, 2024 and the changes during the year are presented below:

	Number of Warrants	Weighted Average Exercise Price ($)
Outstanding – August 31, 2023 and 2022	-	-
Issued	538,227	0.67
Outstanding – August 31, 2024	538,227	0.67

Expiry Date	Number of Warrants	Exercise Price ($)
March 26, 2026	500,727*	0.64
June 27, 2025	37,500	1.10
	538,227	

*477,728 of the warrants are compensation warrants which consist of one common share and one share purchase warrant of the Company. Each warrant entitles the holder to acquire an additional common share of the Company at a price of $0.80 per share until March 26, 2027.

During the year ended August 31, 2024, the Company recognized $143,028 (2023 – $Nil) in share issuance costs for 538,227 finder's warrants (2023 – Nil) issued in the year.

(Expressed in Canadian Dollars)

7. CAPITAL STOCK (CONTINUED)

f) Finder's Warrants (continued)

The weighted average fair value of the finder's warrant granted during the year ended August 31, 2024 was calculated using the Black-Scholes Option Pricing Model on the grant date using the following weighted average assumptions:

	2024	**2023**
Risk-free interest rate	4.15%	-
Expected life of option	1.93 years	-
Expected dividend yield	0%	-
Expected stock price volatility	134.37%	-

8. FLOW-THROUGH SHARE PREMIUM LIABILITY

During the year ended August 31, 2024, the Company issued two tranches of flow-through shares and estimated the value of the flow-through premium associated with those shares to be $Nil.

The Company is obligated to incur the qualifying expenditures by December 31, 2025. As at August 31, 2024, the Company must spend another $113,981 to satisfy its flow-through obligations.

9. RELATED PARTY TRANSACTIONS

During the year ended August 31, 2024, the Company incurred $124,000 (2023 - $84,000) in consulting fees from a company controlled by a director of the Company. As at August 31, 2024, $18,257 (August 31, 2023 - $22,290) was owing to this company.

During the year ended August 31, 2024, the Company incurred professional fees of $60,000 (2023 - $48,500) to a firm where an officer of the Company is a partner. As at August 31, 2024, $5,250 (August 31, 2023 - $50,925) was owing to this firm.

As at August 31, 2024, $Nil (August 31, 2023 - $10,500) was owing to a company controlled by a director of the Company.

During the year ended August 31, 2024, the Company incurred exploration and evaluation expenses of $72,000 (2023 - $Nil) from a company controlled by the president of the Company. As at August 31, 2024, $28,400 (August 31, 2023 - $36,000) was owing to this company.

During the year ended August 31, 2024, the Company granted stock options to key management members valued at $589,229 (2023 - $Nil).

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets. The location of the Company's exploration and evaluation assets are disclosed in Note 5.

11. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. 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 make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the year.

12. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

The Company's financial instruments consist of cash, accounts payable and due to related parties. The fair value of all financial instruments approximate their carrying values. Cash is classified as fair value through profit and loss. Accounts payable and due to related parties are classified as amortized cost.

The Company's financial instrument is exposed to a number of risks that are summarized below:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due or can do so only at excessive cost. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities.

The Company's approach to managing liquidity is to ensure that it will always have sufficient cash to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions. The Company manages its liquidity risk by continuously monitoring cash flow requirements relating to its anticipated exploration and evaluation activities as well as general overhead requirements. Liquidity risk is assessed as high.

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances and amounts due from former director. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal. The Company is not exposed to interest rate fluctuations.

Commodity Price Risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's former Mexican subsidiary was exposed to currency risk as it incurred expenditures that were denominated in Mexican Pesos and United States Dollars while its functional currency is the Canadian Dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

A 5% change in the foreign exchange rate would result in an impact of approximately $Nil (2023 - $43,336) to the Company's net loss.

(Expressed in Canadian Dollars)

13. DISCONTINUED OPERATIONS

During the year ended August 31, 2024, the Company disposed of its subsidiary, Benjamin Hill Mining Company SA de CV and derecognized the carrying values of the assets and liabilities.

A summary of the Company's net loss from discontinued operations for the years ended August 31, 2024 and 2023 is as follows:

	2024 $	2023 $
Foreign exchange loss (gain)	(3,809)	92,576
Office and administration	100	-
Write-down of exploration and evaluation assets	-	3,670,008
	(3,709)	3,762,584

The assets, liabilities and loss on loss of control of the subsidiary after deconsolidation are presented below:

	2024 $
ASSETS	
Cash	3,714
LIABILITIES	
Amount due to parent company	3,995,761
Net liabilities	(3,992,047)
Intercompany payables forgiven	3,995,761
Loss on disposal	3,714

A summary of the carrying values of the assets and liabilities in the disposal group is as follows:

	2024 $	2023 $
ASSETS	-	3,859
Cash		
LIABILITIES		
Accounts payable and accrued liabilities	-	870,582
Amount due to parent company	-	3,132,746
Net liabilities	-	4,003,328

The consolidated statement of cash flows for the year ended August 31, 2023 was not restated to present the cash flows from the discontinued operations separately, as the Company elected to provide this information in the present note. The cash flows from the discontinued operations of the disposal group for the years ended August 31, 2024 and 2023 are presented in the following table:

	2024 $	2023 $
Cash flows (used in) provided by operating activities	(145)	334

(Expressed in Canadian Dollars)

14. SUPPLMENTAL CASH FLOW INFORMATION

Non-cash investing and financing activities during the year ended August 31, 2024:

- Issued 3,111,186 shares at a fair value of $1,462,755 for an investment in associate.
- Issued 100,000 shares at a fair value of $52,000 for an exploration and evaluation asset of which $6,500 was previously recorded as an obligation to issue shares.
- Issued 200,000 shares at a fair value of $96,000 for finder's fees, recorded to stock-based compensation.
- Transferred a fair value of $79,319 from reserves to share capital on the exercise of stock options.
- Issued 538,227 finder's warrants at a fair value of $143,028.
- Recorded a fair value of $68,750 in the reserves related to the issuance of 687,500 warrants included in the flow-through units issuance closed on June 28, 2024.

Non-cash investing and financing activities during the year ended August 31, 2023:

- Accrued $6,500 as an obligation to issue shares, for the fair value of shares to be issued for exploration and evaluation asset as an obligation to issue shares (Note 5).
- Included in exploration and evaluation assets are accounts payable of $318,341.

15. INCOME TAX

A reconciliation of the expected income recovery to the actual income tax recovery is as follows:

	2024 $	2023 $
Loss for the year	(3,172,134)	(7,997,969)
Statutory tax rate	27%	27%
Expected income tax recovery	(856,000)	(2,159,000)
Non-deductible expenditures and non-taxable revenues	3,114,000	(1,346,000)
Differing effective tax rate on loss in foreign jurisdiction	-	(113,000)
Unrecognized deferred tax (liabilities) assets	(2,096,000)	3,628,000
Share based payments	-	(10,000)
Share issue costs	(162,000)	-
Deferred income tax recovery	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	2024 $	2023 $
Non-capital losses	1,616,000	4,206,000
Exploration and evaluation assets	423,000	10,841,000
Financing fees	136,000	36,000
	2,175,000	15,083,000

(Expressed in Canadian Dollars)

15. INCOME TAX (CONTINUED)

The tax pools relating to these deductible temporary differences expire as follows:

	Loss carry-forwards **$**
2035	129,020
2036	135,553
2037	135,237
2038	203,932
2039	370,823
2040	474,384
2041	800,636
2042	1,581,254
2043	375,564
2044	1,779,045
	5,985,448

16. SUBSEQUENT EVENTS

Subsequent to the year ended August 31, 2024, the Company:

- Granted 2,500,000 stock options to consultants exercisable at $0.48 per common share exercisable for five years from the date of issuance.

- Entered into a non-binding letter of intent (the "LOI") with Aion outlining the general terms and conditions of a proposed transaction whereby the Company will acquire a further interest in Aion to bring the Company's total shareholdings in Aion to 60% on a post-closing, fully-diluted basis (the "Proposed Transaction").

  In consideration of additional shares of Aion, the Company will pay $5,000,000, comprised of the following:
  (i) $4,000,000 in cash on closing; and
  (ii) $1,000,000 in common shares of the Company at a price per share equal to the closing of the share price of the Company on the closing date of the Proposed Transaction.