

VOLATUS CAPITAL CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Volatus Capital Corp.

Opinion

We have audited the accompanying consolidated financial statements of Volatus Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had a working capital deficiency of \$873,991 and a deficit of \$2,474,780 as at January 31, 2023, which has been funded by the issuance of equity. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.



Assessment of Impairment Indicators of Exploration and Evaluation Assets (“E&E Assets”) and Investment in Leigh Creek (“Leigh Creek”)

As described in Notes 3 and 10 to the consolidated financial statements, the carrying amount of the Company’s E&E Assets and Leigh Creek was \$6,669,906 and \$3,887,170, respectively, as of January 31, 2023. As more fully described in Note 2 to the financial statements, management assesses E&E Assets and Leigh Creek for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of E&E Assets and Leigh Creek are key audit matters are that there was judgment by management when assessing whether there were indicators of impairment, specifically related to the assets’ carrying amount which is impacted by the Company’s intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets and Leigh Creek.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures include, among others:

- Evaluating management’s assessment of impairment indicators in accordance with the applicable accounting standards;
- Evaluating the intent for E&E Assets and Leigh Creek through discussion and communication with management;
- Reviewing the Company’s recent expenditure activity;
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances;
- Assessing the Company’s right to explore E&E Assets and Leigh Creek;
- Confirming with optionors, the good standing of option agreements on certain E&E Assets;
- Obtaining, on a test basis, confirmation of title to ensure mineral rights underlying the E&E Assets and Leigh Creek are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor’s report includes Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

Vancouver, Canada

Chartered Professional Accountants

May 31, 2023

VOLATUS CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT JANUARY 31,

	2023	2022
ASSETS		
Current assets		
Cash	\$ 2,578	\$ 4,827
Amounts receivable	23,123	150,080
Prepaid expenses	-	1,500
Marketable securities (Note 4)	71,975	28,000
	97,676	184,407
Investment in Leigh Creek (Note 10)	3,887,170	3,887,170
Exploration and evaluation assets (Note 3)	6,669,906	6,297,161
Reclamation deposit	30,000	30,000
	\$ 10,684,752	\$ 10,398,738
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 923,910	\$ 969,673
Loans payable (Note 6)	47,757	146,393
	971,667	1,116,066
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	12,007,336	10,519,211
Reserves (Note 5)	180,529	180,529
Deficit	(2,474,780)	(1,417,068)
	9,713,085	9,282,672
	\$ 10,684,752	\$ 10,398,738

Nature and continuance of operations (Note 1)

Subsequent events (Note 12)

APPROVED ON BEHALF OF THE DIRECTORS:

"Alex McAulay" Director
Alex McAulay

"Jason Cubitt" Director
Jason Cubitt

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

VOLATUS CAPITAL CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED JANUARY 31,

	2023	2022
Expenses		
Bank charges	\$ 1,697	\$ 3,717
Consulting fees	302,310	-
Investors relations	1,826	2,670
Management fees (Note 6)	137,750	144,250
Office	1,373	8,241
Professional fees	90,300	98,301
Property investigation	-	2,200
Rent	18,975	40,525
Transfer agent and filing fees	18,329	31,622
	(572,560)	(331,526)
Interest income (Note 6)	-	19,269
Interest expense (Note 6)	(93,275)	(1,393)
Realized gain (loss) on marketable securities (Note 4)	2,459	(150,056)
Unrealized gain (loss) on marketable securities (Note 4)	(45,132)	17,161
Recovery of flow-through premium (Note 5)	-	40,00
Write-off of exploration and evaluation assets (Note 3)	(349,513)	(423,687)
Write-off of accounts payable and accrued liabilities	309	-
Loss and comprehensive loss for the year	\$ (1,057,712)	\$ (830,232)
Loss per share – basic and diluted	\$ (0.04)	\$ (0.07)
Weighted average number of shares outstanding – basic and diluted	24,231,821	12,371,205

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

VOLATUS CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Common Shares				
	Number of shares	Share Capital	Reserves	Deficit	Total
Balance, January 31, 2021	10,942,352	\$ 8,867,711	\$ 180,529	\$ (586,836)	\$ 8,461,404
Private placement	3,793,750	1,624,000	-	-	1,624,000
Flow-through share premium	-	(40,000)	-	-	(40,000)
Shares issued for exploration and evaluation assets	156,250	67,500	-	-	67,500
Loss for the year	-	-	-	(830,232)	(830,232)
Balance, January 31, 2022	14,892,352	10,519,211	180,529	(1,417,068)	9,282,672
Private placement	19,700,000	1,442,500	-	-	1,442,500
Shares issued for exploration and evaluation assets	1,156,250	45,625	-	-	45,625
Loss for the year	-	-	-	(1,057,712)	1,057,712
Balance, January 31, 2023	35,748,602	\$ 12,007,336	\$ 180,529	\$ (2,474,780)	\$ 9,713,085

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

VOLATUS CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

FOR THE YEAR ENDED JANUARY 31,

	2023	2022
Cash flows from operating activities		
Loss for the year	\$ (1,057,712)	\$ (830,232)
Changes in non-cash items:		
Interest on loans receivable/payable, net	76,280	(17,876)
Realized loss (gain) on marketable securities	(2,459)	150,056
Unrealized loss (gain) on marketable securities	45,132	(17,161)
Reversal of flow-through premium liability	-	(40,000)
Write-off of accounts payable and accrued liabilities	309	-
Write-off of exploration and evaluation assets	349,513	423,687
Changes in non-cash working capital items:		
Amounts receivable	126,957	(129,028)
Prepaid expenses	1,500	37,350
Accounts payable and accrued liabilities	(10,146)	312,302
Cash used in operating activities	(470,626)	(110,902)
Cash flows from investing activities		
Purchase of marketable securities	(157,196)	(709,797)
Proceeds on disposal of marketable securities	70,548	1,357,795
Repayment of loan receivable	-	125,962
BC mining exploration tax credit received	-	30,331
Exploration and evaluation assets	(712,559)	(1,929,734)
Reclamation deposit	-	(30,000)
Acquisition of MagMetals Tech Pty Ltd.	-	(500,000)
Cash used in investing activities	(799,207)	(1,655,443)
Cash flows from financing activities		
Proceeds from private placement	1,442,500	1,624,000
Loans payable	(174,916)	145,000
Cash provided by financing activities	1,267,584	1,769,000
Change in cash	(2,249)	2,655
Cash, beginning of the year	4,827	2,172
Cash, end of the year	\$ 2,578	\$ 4,827
Non-cash financing and investing activities		
Cash received for interest and income taxes	\$ -	\$ 29,793
Shares issued for exploration and evaluation assets	\$ 45,625	\$ 67,500
Transferred to accounts payable from loan payable	\$ -	\$ 125,074
Exploration and evaluation assets included in accounts payable and accrued liabilities	\$ 545,113	\$ 581,039

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

VOLATUS CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022
(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Volatus Capital Corp. (“the Company”) which was incorporated on November 6, 2018, under the laws of British Columbia, is a public company listed on the Canadian Securities Exchange (the “CSE”) and trades under the symbol VC. The address of the Company’s corporate office and its principal place of business is 2900 - 733 Seymour Street, Vancouver, British Columbia, Canada, V6B 0S6.

Effective May 19, 2022, the Company consolidated its common shares on a 4:1 basis. These consolidated financial statements reflect the share consolidation for all shares, warrants, options and per share amounts retrospectively.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at January 31, 2023, the Company had not yet determined whether the Company’s mineral property assets contain ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The Company had a working capital deficiency of \$873,991 and a deficit of \$2,474,780 as at January 31, 2023, which has been funded by the issuance of equity. 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 operating costs. The outcome of these matters cannot be predicted at this time and these uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These 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 financial statements.

During the year ended January 31, 2021, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic resulted in delays in the course of business and a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

These consolidated financial statements were approved by the Board of Directors on May 31, 2023.

VOLATUS CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation and consolidation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these 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 consolidated financial statements.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, MagMetal Tech Pty Ltd. (“MagMetal”). All significant inter-company balances and transactions have been eliminated upon consolidation.

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional and reporting currency of the Company and MagMetal.

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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. For partly owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. All inter-company balances and transactions have been eliminated upon consolidation.

These consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest January 31, 2023	Proportion of Ownership Interest January 31, 2022	Principal Activity
MagMetals Tech Pty Ltd.	Australia	100%	100%	Non Active

Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Significant accounting judgments

Going concern

The preparation of these consolidated financial statements requires management to make judgments regarding the applicability of going concern assumption to the Company.

VOLATUS CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and judgments (continued)

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

Income taxes

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements.

Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax assets and liabilities, and tax planning initiatives.

Non-cash transactions

The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to acquisition and exploration are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition and exploration costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

VOLATUS CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss at the same time the qualifying expenditures are made.

Decommissioning and restoration provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. As at January 31, 2023 and 2022, the Company has no decommissioning or restoration obligations.

Impairment of long-lived assets

The Company evaluates the recoverability of its long-lived assets at each reporting period. An impairment loss is recognized when estimated future cash flows resulting from the use of an asset and its eventual disposition is less than its carrying amount.

A mining enterprise is required to consider the conditions for impairment write-down. The conditions include significant unfavorable economic, legal, regulatory, environmental, political and other factors. In addition, management's development activities towards its planned principal operations are a key factor considered as part of the ongoing assessment of the recoverability of the carrying number of mineral properties. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, the capitalized costs are written down to the estimated recoverable amount.

VOLATUS CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in shareholders' equity.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years.

Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Investment in associate

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in associate was initially recognized at fair value and subsequently increased or decreased to recognize the Company's share of net earnings and losses of the investment in associate, after any adjustments necessary to give effect to uniform accounting policies, and for impairment losses after the initial recognition date. The total carrying amount of the Company's investment in associate also includes any long-term debt interests which in substance form part of the Company's net investment. The Company's share of the losses that are in excess of its investment in associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the investment in associate. The Company's share of earnings and losses of the investment in associate are recognized in profit or loss during the period. Dividends and repayment of capital received from a joint venture are accounted for as a reduction in the carrying amount of the Company's investment in associate.

Financial Instruments

Financial instruments are classified at initial recognition as either: measured at amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). 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.

Fair value through profit or loss ("FVTPL") – Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income.

VOLATUS CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Fair value through other comprehensive income (“FVTOCI”) – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in OCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities at amortized cost – A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset’s contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

The Company has classified its marketable securities at FVTPL. The Company’s cash, amounts receivable, accounts payable and accrued liabilities and loans payable are classified at amortized cost.

Impairment

The Company assesses on a forward-looking basis the expected credit loss (“ECL”) associated with financial assets measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Share capital

Common shares are classified as share capital. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from share capital.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to reserves.

Loss per share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Fully diluted amounts are not presented when the effect of the computations is anti-dilutive due to the losses incurred.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

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3. EXPLORATION AND EVALUATION ASSETS

Year Ended January 31, 2023	Split Dome Copper Property	Untapped Property	To Do and Lions Den Gold Properties	JD Property	Belle Property	More Creek Property	Bentley Property	Lone Mountain Property	Williams EXT	Total
Acquisition Costs:										
Balance, beginning of year	\$ 363,500	\$ 960,000	\$ 1,205,000	\$ 262,250	\$ 124,793	\$ 106,606	\$ 41,250	\$ 550,000	\$ 220,000	\$ 3,833,399
Acquisition costs – cash	-	-	-	200,000	25,000	-	-	-	-	225,000
Acquisition costs – shares	-	-	-	8,750	1,875	35,000	-	-	-	45,625
Write off adjustment	-	-	-	-	-	-	-	-	(220,000)	(220,000)
Balance, end of year	363,500	960,000	1,205,000	471,000	151,668	141,606	41,250	550,000	-	3,884,024
Exploration Costs:										
Balance, beginning of year	117,524	98,159	183,059	1,618,379	700	168,391	56,286	95,951	125,313	2,463,762
Administration and consulting	2,500	4,000	9,950	71,623	-	-	-	5,100	4,200	97,373
Field work	-	-	500	353,760	-	-	-	-	-	354,260
Write off adjustment	-	-	-	-	-	-	-	-	(129,513)	(129,513)
Balance, end of year	120,024	102,159	193,509	2,043,762	700	168,391	56,286	101,051	-	2,785,882
Total	\$ 483,524	\$ 1,062,159	\$ 1,398,509	\$ 2,514,762	\$ 152,368	\$ 309,997	\$ 97,536	\$ 651,051	\$ -	\$ 6,669,906

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3. EXPLORATION AND EVALUATION ASSETS (continued)

Year Ended January 31, 2022	Split Dome Copper Property	Sunset Copper Star Property	Untapped Property	To Do and Lions Den Gold Properties	JD Property	Belle Property	More Creek Property	Bentley Property	Lone Mountain Property	Lunar- Frog Property	Williams EXT	Gosco and Last Zone Properties	Total
Acquisition Costs:													
Balance, beginning of year	\$ 363,500	\$ -	\$ 960,000	\$ 1,205,000	\$ 139,750	\$ 88,543	\$ 81,606	\$ -	\$ 550,000	\$ 330,000	\$ 220,000	\$ 66,000	\$ 4,004,399
Acquisition costs – cash	-	-	-	-	100,000	25,000	25,000	7,500	-	-	-	25,000	182,500
Acquisition costs – shares	-	-	-	-	22,500	11,250	-	33,750	-	-	-	-	67,500
Write-down	-	-	-	-	-	-	-	-	-	(330,000)	-	(91,000)	(421,000)
Balance, end of year	363,500	-	960,000	1,205,000	262,250	124,793	106,606	41,250	550,000	-	220,000	-	3,833,399
Exploration Costs:													
Balance, beginning of year	-	-	-	-	196,778	700	500	-	-	-	-	-	197,978
Administration and consulting	61,126	2,400	8,263	14,175	213,988	-	6,750	2,537	49,850	-	125,313	287	484,689
Assay	-	-	-	-	5,720	-	-	-	-	-	-	-	5,720
Field work	56,398	-	89,896	168,884	1,232,224	-	161,141	53,749	46,101	-	-	-	1,808,393
Cost recovery	-	-	-	-	(30,331)	-	-	-	-	-	-	-	(30,331)
Write-down	-	(2,400)	-	-	-	-	-	-	-	-	-	(287)	(2,687)
Balance, end of year	117,524	-	98,159	183,059	1,618,379	700	168,391	56,286	95,951	-	125,313	-	2,463,762
Total	\$ 481,024	\$ -	\$ 1,058,159	\$ 1,388,059	\$ 1,880,629	\$ 125,493	\$ 274,997	\$ 97,536	\$ 645,951	\$ -	\$ 345,313	\$ -	\$ 6,297,161

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3. EXPLORATION AND EVALUATION ASSETS (continued)

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.

Split Dome Copper Property

The Company owns a 100% interest, subject to a 0.25% Net Smelter Returns ("NSR") royalty retained by John Michael William Collins, a former CEO, in the Split Dome project located near Hazelton, British Columbia.

Sunset Copper Star Property

Pursuant to an option agreement dated November 16, 2018, the Company was granted an option to acquire a 100% undivided interest in the Sunset Copper Star property located north of Campbell River area in the Nanaimo Mining Division, British Columbia.

In accordance with the agreement, the Company has acquired a 51% undivided interest in the property by paying \$5,000. The Company had the option to earn the remaining 49% interest in the property by issuing a total of 50,000 common shares of the Company, making cash payments totalling \$155,000, and incurring a total of \$500,000 in exploration expenditures.

The optionors was to retain a 3% NSR royalty on the property. The Company had the right to purchase the first 1% of the royalty for \$750,000 and the remaining 2% for \$1,000,000 at any time prior to the commencement of commercial production.

During the year ended January 31, 2022, the Company decided to forego making certain payments to maintain the Sunset Copper Star Property and impaired the property to \$Nil and recorded a write-down of \$2,400 in the statement of loss and comprehensive loss.

Untapped Property

The Company owns a 100% interest in the Untapped property. The property is subject to a 1% NSR royalty of which the Company may purchase 0.5% for \$500,000.

To Do and Lions Den Gold Properties

The Company owns a 100% interest in the To Do and Lions Den Gold properties located in northwestern British Columbia. The property is subject to a 1.5% NSR; retained by Crest Resources Inc., a related party.

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3. EXPLORATION AND EVALUATION ASSETS (continued)

JD Property

In July 2020, the Company entered into an agreement to acquire a 100% interest subject to a 2.5% NSR royalty, in the JD property located in the Omineca Mining Division in northern British Columbia. To earn the interest, the Company must make payments totaling \$1,200,000, issue 1,000,000 common shares and incur exploration expenditures totaling \$16,000,000, as follow:

- i) \$70,000 in cash (paid) and shares valued at \$30,000 (issued) in accordance with regulatory requirements;
- ii) \$100,000 (paid) and 62,500 common shares (issued at a value of \$22,500) on July 28, 2021;
- iii) \$200,000 (paid) and 125,000 common shares (issued at a value of \$8,750) on July 28, 2022;
- iv) \$200,000 and 187,500 common shares on July 28, 2023;
- v) \$250,000 and 250,000 common shares on July 28, 2024;
- vi) \$350,000 and 375,000 common shares on July 28, 2025;
- vii) incur not less than \$200,000 on or before October 28, 2020 (incurred);
- viii) incur \$1,000,000 on or before October 28, 2021 (incurred);
- ix) incur \$1,300,000 on or before December 31, 2022; with discretion to defer up to \$800,000 to December 31, 2023 (incurred \$425,383 as at January 31, 2023.) (Note 12)
- x) incur \$2,000,000 on or before December 31, 2023;
- xi) incur \$3,000,000 on or before December 31, 2024;
- xii) incur \$4,000,000 on or before December 31, 2025; and
- xiii) incur \$4,500,000 on or before December 31, 2026.

Belle Property

During the year ended January 31, 2021, the Company entered into an option agreement to acquire a 100% interest in the Belle property, located in northern British Columbia. To execute the option, the Company is required to make the following payments:

- i) \$25,000 (paid) and 31,250 common shares on August 5, 2020 (issued at a value of \$50,000);
- ii) \$25,000 (paid) and 31,250 common shares on or before August 5, 2021 (issued at a value of \$11,250);
- iii) \$25,000 (paid) and 31,250 common shares on or before August 5, 2022 (issued at a value of \$1,875); and
- iv) \$25,000 and 31,250 common shares on or before August 5, 2023.

The property is subject to a 2% NSR.

More Creek Property

During the year ended January 31, 2021, the Company entered into an option agreement to acquire a 100% interest in the More Creek property, located in northwest British Columbia. To execute the option, the Company is required to make the following payments:

- i) \$25,000 on August 21, 2020 (paid);
- ii) 25,000 common shares on or before September 1, 2020 (issued at a value of \$39,000);
- iii) \$25,000 on or before July 22, 2021 (paid);
- iv) \$50,000 in cash or shares on or before August 21, 2022 (1,000,000 shares issued at a value of \$35,000);
- v) \$50,000 in cash or shares on or before July 22, 2023.

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3. EXPLORATION AND EVALUATION ASSETS (continued)

More Creek Property (continued)

The Company is required to incur exploration expenditures totaling \$600,000 as follow:

- i) \$100,000 on or before December 31, 2021 (incurred);
- ii) \$250,000 on or before August 21, 2023; and
- iii) \$250,000 in development costs on or before December 31, 2023.

The property is subject to a 2% NSR. In the event the Company acquires 100% interest in the property, the Company will be subject to an additional 1% NSR of which 0.5% can be purchased at any time for \$500,000.

Bentley Property

During the year ended January 31, 2022, the Company acquired a 100% interest in the Bentley property, located in the Toadogone district in north central British Columbia by issuing 62,500 common shares at a value of \$33,750 and paying \$7,500.

Williams EXT (formerly Williams Extension East-West Property)

During the year ended January 31, 2021, the Company acquired a 100% interest in the Williams EXT property in British Columbia.

During the year ended January 31, 2023, the Company decided to focus on its other claims and has written down the Williams EXT property to \$Nil.

Lunar-Frog Property

During the year ending January 31, 2021, the Company acquired a 100% interest in Lunar-Frog property located in British Columbia. The property was subject to a 2.5% NSR, of which 1.5 % NSR was for Crest Resources Inc. and 1% was an underlying NSR.

During the year ended January 31, 2022, the Company decided to focus on its other claims due to their relative proximity and has relinquished these claims. Accordingly the Company has written the Lunar-Frog property down to \$Nil.

Lone Mountain Property

The Company owns a 100% interest in Lone Mountain property located in British Columbia. The Lone Mountain property is subject to a historical underlying 2% NSR.

Gosco and Last Zone Properties

During the year ending January 31, 2021, the Company acquired a 100% interest in the Gosco and Last Zone properties located in British Columbia. The Gosco and Last Zone properties were subject to a 1% NSR.

During the year ended January 31, 2022, the Company decided to focus on its other claims due to their relative proximity and has relinquished these claims. Accordingly the Company has written the Gosco and Last Zone properties down to \$Nil.

VOLATUS CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. MARKETABLE SECURITIES

A summary of the marketable securities transactions for the years ended January 31, 2023 and 2022 is as follows:

	Common shares \$	Warrants \$	Total \$	Total gain (loss) \$
<u>Cost</u>				
February 1, 2021	579,442	-	579,442	
Additions	929,409	-	929,409	
Proceeds on sale	(1,357,795)	-	(1,357,795)	
Realized loss	(150,056)	-	(150,056)	(150,056)
January 31, 2022	1,000	-	1,000	
<u>Fair value</u>				
February 1, 2021	694,893	114,000	808,893	
Additions	929,409	-	929,409	
Cost of disposals	(1,727,463)	-	(1,727,463)	
Unrealized gain (loss)	105,661	(88,500)	17,161	17,161
January 31, 2022	2,500	25,500	28,000	
Total loss				(132,895)
<u>Cost</u>				
February 1, 2022	1,000	-	1,000	
Additions	157,196	-	157,196	
Proceeds on sale	(70,548)	-	(70,548)	
Realized gain	2,459	-	2,459	2,459
January 31, 2023	90,107	-	90,107	
<u>Fair value</u>				
February 1, 2022	2,500	25,500	28,000	
Additions	157,197	-	157,197	
Cost of disposals	(68,090)	-	(68,090)	
Unrealized loss	(19,632)	(25,500)	(45,132)	(45,132)
January 31, 2023	71,975	-	71,975	
Total loss				(42,673)

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5. SHARE CAPITAL AND RESERVES

- a) Authorized:
The Company is authorized to issue an unlimited number of common shares without par value.
- b) Escrow Shares:
The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from the date of listing. At January 31, 2023, there were Nil (2022 – 52,500) common shares held in escrow.
- c) Common Shares
Effective May 19, 2022, the Company consolidated its common shares on a 4:1 basis. These consolidated financial statements reflect the share consolidation for all shares, warrants, options and per share amounts retrospectively.

Issued and Outstanding as at January 31, 2023: 35,748,602 common shares.

During the year January 31, 2023, the Company had the following share capital transactions:

- (i) On March 9, 2022, closed a non-brokered private placement and issued 3,050,000 units at \$0.20 per unit for gross proceeds of \$610,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.28 for a term of five years expiring March 9, 2027.
- (ii) On August 5, 2022, issued 125,000 common shares at a value of \$8,750 pursuant to the acquisition of JD Property (Note 3).
- (iii) On August 15, 2022, issued 31,250 common shares at a value of \$1,875 pursuant to the acquisition of Belle Project (Note 3).
- (iv) On September 6, 2022, closed the first tranche of a non-brokered private placement and issued 4,750,000 flow-through units and 9,600,000 non-flow through units at \$0.05 per unit for total proceeds of \$717,500. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of five years at a price of \$0.06. A value of \$Nil was attributed to the flow-through premium liability in connection with the financing.
- (v) On October 5, 2022, closed the second tranche of the non-brokered private placement and issued 2,000,000 flow-through units and 300,000 non-flow through units at \$0.05 per unit for total proceeds of \$115,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of five years at a price of \$0.06. A value of \$Nil was attributed to the flow-through premium liability in connection with the financing.

Pursuant to the flow-through financings noted above in (iv) and (v), the Company has renounced a total of \$337,500 in flow through expenditures, of which \$30,127 were incurred in January 2023.

- (vi) On January 31, 2023, issued 1,000,000 common shares at a value of \$35,000 pursuant to the acquisition of More Creek property (Note 3).

During the year ended January 31, 2022, the Company had the following share capital transactions:

- (i) On June 28, 2021, issued 62,500 common shares at a value of \$33,750 pursuant to the acquisition of Bentley Project (Note 3).

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5. SHARE CAPITAL AND RESERVES (continued)

c) Common Shares (continued)

- (ii) On July 28, 2021, issued 31,250 common shares at a value of \$11,250 pursuant to the acquisition of Belle Property (Note 3).
- (iii) On July 28, 2021, issued 62,500 common shares at a value of \$22,500 pursuant to the acquisition of JD Property (Note 3).
- (iv) On August 25, 2021, closed a non-brokered private placement and issued 1,562,500 flow-through shares at \$0.48 per share for total proceeds of \$750,000. A value of \$Nil was attributed to the flow-through premium liability in connection with the financing.
- (v) On September 22, 2021, closed the first tranche of a non-brokered private placement and issued 1,000,000 flow-through units at \$0.40 per unit for total proceeds of \$400,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of five years at a price of \$0.48. A value of \$Nil was attributed to the flow-through premium liability in connection with the financing.
- (vi) On October 12, 2021, closed the second tranche of a non-brokered private placement and issued 1,000,000 flow-through shares at \$0.40 per share for total proceeds of \$400,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of five years at a price of \$0.48. A value of \$40,000 was attributed to the flow-through premium liability in connection with the financing. The Company incurred the flow-through proceeds and accordingly, recorded \$40,000 as a recovery of flow-through premium during the year ended January 31, 2022.
- (vii) On November 12, 2021, closed the third and final tranche of a non-brokered private placement and issued 231,250 units at \$0.32 per unit for gross proceeds of \$74,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.48 for a term of five years expiring November 12, 2026.

d) Stock Options

During the year ended January 31, 2020, the Company adopted a Stock Option Plan (the “Plan”) for directors, officers, employees and consultants of the Company. Under the Plan, the Company may grant incentive stock options to directors, officers, employees and consultants to the Company, as determined by the Board of Directors of the Company at the fair market value on the date the option is granted. The maximum number of common shares which may be issuable under the Plan cannot exceed 10% of the total number of shares issued and outstanding on a non-diluted basis.

During the years ended January 31, 2023 and 2022, the Company did not grant any stock options.

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5. SHARE CAPITAL AND RESERVES (continued)

d) Warrants

A summary of changes in warrants during the period is as follows:

	Number of warrants	Weighted average exercise price
Outstanding and exercisable January 31, 2021	526,750	\$ 0.74
Granted	2,231,250	0.48
Exercised	<u>(401,750)</u>	0.60
Outstanding and exercisable January 31, 2022	2,356,250	0.52
Granted	<u>19,700,000</u>	0.09
Outstanding and exercisable January 31, 2023	<u>22,056,250</u>	\$ 0.14

The following warrants were outstanding at January 31, 2023:

Expiry Date	Exercise Price	Number of warrants	Number of warrants Exercisable
February 5, 2023	\$1.20	125,000 ⁽¹⁾	125,000
September 22, 2026	\$0.48	1,000,000	1,000,000
October 12, 2026	\$0.48	1,000,000	1,000,000
November 12, 2026	\$0.48	231,250	231,250
March 9, 2027	\$0.28	3,050,000	3,050,000
September 6, 2027	\$0.06	14,350,000	14,350,000
October 5, 2027	\$0.06	2,300,000	2,300,000
		<u>22,056,250</u>	<u>22,056,250</u>

⁽¹⁾ These warrants expired unexercised subsequent to January 31, 2023.

6. 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 includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. The remuneration of directors and other members of key management personnel during the years ended January 31, 2023 and 2022 were as follows:

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6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	Nature of transactions	2023	2022
Related parties:			
Chief Executive Officer	Management fees	\$ 70,000	\$ -
Chief Executive Office	Consulting fees	\$ 15,000	\$ -
Former Chief Executive Officer	Exploration	\$ 50,000	\$ 74,000
Former Chief Executive Officer	Management fees	\$ 50,750	\$ 31,000
Chief Financial Officer	Management fees	\$ 17,000	\$ 12,000
A Company controlled by a person related to the CEO	Consulting fees	\$ 180,000	\$ -
A Company controlled by a person related to the CEO	Consulting fees	\$ 50,000	\$ -
A Company controlled by a director of the Company's subsidiary	Management fees	\$ -	\$ 28,000
A Company related by a common former Chief Executive Officer	Management fees	\$ -	\$ 87,000
A Company controlled by a director	Consulting fees	\$ 23,810	\$ -
A Company related by a common former Chief Executive Officer	Consulting fees (Recovery) *	\$ -	\$ (100,000)

*In the year ending January 31, 2021, this related party was paid consulting fees for \$112,500. Upon review, it was determined that only \$12,500 was earned; therefore, a refund was received.

As at January 31, 2023, accounts payable and accrued liabilities include \$289,466 (2022 - \$170,009) due to related parties. All amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

	November 2019	May 2020	June 2020	June 2020	August 2020	Total
Balance January 31, 2021	\$ 8,842	\$ 46,523	\$ 6,707	\$ 114,597	\$ 55,458	\$ 231,767
Repayment of loans receivable	-	(51,993)	-	(13,313)	(60,656)	(125,962)
Interest	42	5,470	(54)	8,613	5,198	19,269
Transferred to accounts payable	(8,524)	-	(6,653)	(109,897)	-	(125,074)
Balance January 31, 2022 and 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

During the year ended January 31, 2023, the Company entered into a loan agreement with a Company controlled by a common director to borrow \$187,000. The principal amount of the loan plus accrued interest of 10% per annum and a 20% bonus was due on August 2, 2022. During the year ended January 31, 2023, the Company accrued \$38,578 of interest. During the year ended January 31, 2023, the Company repaid the loan in full.

During the year ended January 31, 2023, the Company entered into a loan agreement with a company controlled by a common director to borrow \$30,000. The principal amount of the loan plus accrued interest of 10% per annum and a 20% bonus is due on September 30, 2022. During the year ended January 31, 2023, the Company accrued \$7,875 of interest. At January 31, 2023, the loan has been paid in full.

During the year ended January 31, 2023, the Company entered into a loan agreement with a company controlled by a common director to borrow \$12,000. The principal amount of the loan plus accrued interest of 10% per annum and a 20% bonus was due on October 20, 2022. During the year ended January 31, 2023, the Company accrued \$3,195 of interest and repaid \$10,125 on the loan. At January 31, 2023, the balance payable consists of \$1,875 in principal and \$3,195 in cumulative interest.

During the year ended January 31, 2023, the Company entered into a loan agreement with a company controlled by a common director to borrow \$10,000. The principal amount of the loan plus accrued interest of 10% per annum and a 20% bonus is due on November 30, 2022. During the year ended January 31, 2023, the Company accrued \$2,687 of interest. At January 31, 2023, the balance payable consists of \$10,000 in principal and \$2,687 in cumulative interest.

During the year ended January 31, 2022, the Company entered into a loan agreement with a company controlled by a common director to borrow \$30,000. This is an unsecured non-interest-bearing loan. As at January 31, 2023, the loan balance is \$30,000. Subsequent to January 31, 2023, the loan was repaid in full.

During the year ended January 31, 2022, the Company entered into a loan agreement with a company controlled by a common director to borrow \$115,000. The principal amount of the loan plus accrued interest of 10% per annum and a 20% bonus was payable on June 17, 2022. During the year ended January 31, 2022, the Company accrued \$1,393 of interest. During the year ended January 31, 2023, the Company accrued \$23,945 of interest and repaid the loan in full.

During the year ended January 31, 2021, the Company entered into a loan agreement with a company controlled by the former Chief Executive Officer to lend \$40,000. The principal amount of the loan plus accrued interest of 2% per month was payable on or before 10 days after notice in writing of demand by the Company. The borrower pledged 4,000,000 common shares of Origen Resources Inc. as collateral against repayment of the loan and accrued interest. During the year ended January 31, 2022, the Company accrued \$4,760 in interest receivable and received \$51,286.

During the year ended January 31, 2021, the Company entered into a loan agreement with a company controlled by a common director to lend \$150,000. The principal amount of the loan plus accrued interest of 2% per month was payable on or before 10 days after notice in writing of demand by the Company. During the year ended January 31, 2021, the Company accrued \$6,707 of interest and received \$150,000. The Company has incurred monthly management fees payable to the borrower which are outstanding. During the year ended January 31, 2022, the Company transferred \$6,653 to accounts payable to offset the management fees payable to the borrower. At January 31, 2022, this loan was paid in full.

During the year ended January 31, 2021, the Company entered into a loan agreement with a company controlled by a common director to lend \$100,000. The principal amount of the loan plus accrued interest of 2% per month was payable on or before 10 days after notice in writing of demand by the Company. The Company received a 5% interest in certain mineral claims of True Grit and Middle Ridge projects in Newfoundland (valued at Nil) as a loan fee. The Company has incurred monthly management fees payable

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6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

to the borrower which are outstanding. During the year ended January 31, 2022, the Company accrued \$8,613 of interest, received \$13,313 as repayment, and transferred the balance of \$109,897 to accounts payable to offset the management fees payable to the borrower. At January 31, 2022, this loan was paid in full.

During the year ended January 31, 2021, the Company entered into a loan agreement with a company controlled by a common director to lend \$50,000. The principal amount of the loan plus accrued interest of 2% per month was payable on or before 10 days after notice in writing of demand by the Company, such demand not to be made before February 18, 2021. The Company received a 5% interest in certain mineral claims in Labrador and Quebec as a loan fee (valued at \$Nil). During the year ended January 31, 2022, the Company accrued \$5,198 and received \$60,656.

During the year ended January 31, 2020, the Company entered into a loan agreement with a company controlled by a common director to lend \$100,000. The principal amount of the loan plus accrued interest of 12% per annum was payable on demand and the borrower has pledged marketable securities as collateral against repayment of the loan and accrued interest. The Company has incurred monthly management fees payable to the borrower which are outstanding. During the year ended January 31, 2022, the Company accrued \$42 and transferred \$8,524 to accounts payable to offset the management fees payable to the borrower. At January 31, 2022, this loan was paid in full.

During the year ended January 31, 2021, the Company received 432,500 shares of Exploits Discovery Corp. ("Exploits"), a company controlled by the Company's former Chief Executive Officer, at a fair value of \$142,025 as a loan fee. During the year ended January 31, 2022, the Company sold 432,500 shares for \$212,977 resulting in a realized gain of \$56,542 and an unrealized loss of \$46,840.

During the year ended January 31, 2021, the Company purchased 400,000 units in Origen Resources Inc., a company controlled by the Company's former Chief Executive Officer, at a fair value of \$72,000. Each unit consists of one common share and one common share purchase warrant. Each warrant was exercisable to purchase a additional common share at a price of \$0.22 on or before April 28, 2022. The Company purchased an additional 427,000 shares in Origen Resources Inc., at a fair value of \$102,377 and sold 85,000 shares for \$11,972 resulting in a realized loss of \$3,328. During the year ended January 31, 2022, the Company purchased 496,500 shares at a fair value of \$137,158 and sold 708,500 shares for \$197,766 resulting in a realized gain of \$27,917 and an unrealized loss of \$11,583. The Company transferred 530,000 shares to Rain City Resources Inc. as compensation when the Company exercised 3,000,000 warrants of Rain City Resources Inc. resulting in a loss on investment of \$126,387. At January 31, 2023, the fair value of the Origen Resources Inc., warrants was \$Nil (2022 - \$25,500) resulting in a loss on investment of \$25,500 (2022 - \$24,300), and the warrants are expired.

7. 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. Capital is comprised of the Company's shareholders' equity.

The Company considers the aggregate of its share capital, reserves and deficit as capital. 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.

The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended January 31, 2023.

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8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The Company's financial instruments consist of cash, amounts receivable, marketable securities, loans payable, and accounts payable and accrued liabilities.

An entity classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. 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).

Fair Value of Financial Instruments

The Company's financial assets of marketable securities are classified as Level 1 except for the underlying warrants which are classified as Level 3. The carrying value of cash, amounts receivable, loan payable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods of maturity of these instruments.

Financial risk management objectives and policies

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 current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities.

(ii) **Interest rate risk**

The Company has cash balances. The Company is satisfied with the credit ratings of its banks. The Company believes it has no significant interest rate 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.

The Company is exposed to credit risk with respect to uncertainties as to timing and among of collectability of receivables. The Company believes its credit risk is low because the amounts receivable is recoverable from the government of Canada. Management does not believe the receivables are impaired.

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8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(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.

9. SEGMENTED INFORMATION

The Company has two operating segments: the exploration and evaluation assets in Canada and its investment in Leigh Creek Magnesite Pty Ltd. of \$3,887,170 (2022 - \$3,887,170) in Australia. The Company's exploration and evaluation assets at January 31, 2023 were \$6,669,906 (2022 - \$6,297,161).

10. ACQUISITION OF MAGMETAL TECH PTY LTD.

During the year ended January 31, 2021, the Company acquired MagMetal, a private Australian Issuer holding a 20% interest in Leigh Creek Magnesite Pty Ltd ("Leigh Creek"). MagMetal is a holding company with no other assets or liabilities other than a 20% equity investment in Leigh Creek.

The underlying property is subject to a NSR ranging from 1.25% to 2.5%.

The transaction does not constitute a business combination as MagMetal does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of MagMetal has been accounted for as an asset acquisition, whereby all of the assets acquired and liabilities assumed are assigned a carrying amount based on their relative fair values. Upon closing the transaction, MagMetal became a subsidiary of the Company. The net assets acquired pursuant to the acquisition are as follows:

Net Assets Acquired	
Investment in Leigh Creek	\$ 3,887,170
Total Purchase Price	
Cash	\$ 300,000
Accrued acquisition costs (paid in fiscal 2022)	500,000
Issuance of 1,788,724 common shares	3,040,831
Transaction costs	46,339
	\$ 3,887,170

The fair value of 1,788,724 common shares of the Company was determined to be \$1.70 per common share, based on the market value at the date of issuance.

Leigh Creek had no operations for the period from acquisition to January 31, 2023 and no significant assets or liabilities other than holding title to an exploration license in Southern Australia.

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11. INCOME TAXES

In assessing deferred income tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment and concluding the deferred tax assets were not realized.

The following table reconciles the amount income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2023	2022
Canadian statutory income tax rate	27%	27%
	\$	\$
Loss for the year before income taxes	(1,057,712)	(830,232)
Expected income tax recovery	(286,000)	(224,000)
Changes in statutory rates and other	23,000	(38,000)
Impact of flow-through shares	91,000	419,000
Permanent differences	6,000	7,000
Adjustment to prior years provision	31,000	(11,000)
Change in unrecognized deductible temporary differences	135,000	(153,000)
Total income tax expense	-	-

The nature and effect of the Company's deferred tax assets is as follows:

	2023	2022
	\$	\$
Exploration and evaluation assets	(416,000)	(353,000)
Share issue costs	8,000	15,000
Marketable securities	3,000	(4,000)
Non-capital losses carryforward	533,000	342,000
	128,000	-
Deferred tax assets not recognized	(128,000)	-
Net deferred tax asset	-	-

As at January 31, 2023, the Company had non-capital losses carried forward of approximately \$1,973,000 which may be applied to reduce future years' taxable income, subject to final determination by taxation authorities, expiring in 2043. The Company also had the following tax assets to carry forward with no expiry date, such as share issue cost for \$29,000, allowable capital losses for \$26,000 and marketable securities for \$20,000.

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12. SUBSEQUENT EVENTS

On February 15, 2023, the Company entered into an amending agreement with T. Cameron Scott and V.F. Erickson Consultants Ltd. to modify the original agreement dated July 28, 2020 (the Option Agreement) for the property known as JD Property. Under the amending agreement, the parties agreed to:

- a- Allow the Company to elect at its sole discretion to defer up to \$800,000 of the expenditures on the property to be incurred on or before December 31, 2022; provided that any such amounts deferred must be incurred as expenditures on the property on or before December 31, 2023.
- b- Require from the Company, as a result of an election to defer; a cash payment to the vendors on or before March 31, 2023, equal to 20% of the difference between \$2,500,000 and the aggregate expenditures actually incurred on the property by December 31, 2022, accompanied by a detailed accounting of such expenditures incurred up to that date.

To the date of these financial statements, no cash payment to vendors under this agreement was made.

On May 24, 2023, The Company entered into an amending agreement with T. Cameron Scott and V.F. Erickson Consultants Ltd. to modify the amending agreement dated February 15, 2023 related to the JD property. Under the amending agreement, the parties agreed to:

- a- Extend the term to incur the \$16,000,000 in exploration expenditures by one year to December 31, 2027 from December 31, 2026.
- b- Amend the dates to which annual expenditures must be completed for the years 2023 through 2027 respectively, to December 31, from October 28.
- c- Amend the dates to which Volatus should incur the deferral for up to \$800,000 of expenditures to the years 2023 and 2024 from December 31, 2022.
- d- State the amount payable to the vendor for the right to defer up to \$800,000 of expenditures to \$50,000 cash, plus treasury shares of the assignee at a deemed price of \$0.15 per share for the balance calculated, and modify date to on or before July 28, 2023 from on or before March 31, 2023. This amount payable to the vendor should be calculated as 20% of the difference between \$2,500,000 and aggregate expenditures incurred on the property by December 31, 2022.
- e- Revise and substitute the following:

To exercise the Option, Volatus must pay to the Vendors an aggregate of \$1,450,000, issue 4,500,000 shares (subject to appropriate adjustments pursuant to subsection 1) (iv) below, and incur an aggregate of \$16,000,000 of expenditures on the property (collectively the "Option Price"), in accordance with the following schedules:

- 1) Cash and share payments
 - i. \$200,000 cash and 750,000 shares on or before July 28, 2023;
 - ii. \$250,000 cash and 1,000,000 shares on or before July 28, 2024;
 - iii. \$300,000 cash and 1,500,000 shares on or before July 28, 2025;
 - iv. \$300,000 payable in cash or a combination of cash and shares, at Volatus' election, to a maximum share value of \$150,000, calculated on a 20-day trailing average basis, on or before July 28, 2026; and
 - v. \$500,000 shares on or before July 28, 2027
- 2) The following expenditures on the property shall be required to exercise the Option:
 - vi. An additional \$4,000,000 by December 31, 2024, subject to a minimum \$500,000 expenditure in each and any calendar year;
 - vii. an additional \$3,000,000 by December 31, 2025;
 - viii. an additional \$3,800,000 by December 31, 2026; and
 - ix. an additional \$4,000,000 by December 31, 2027
- f- Have Volatus complete an annual expenditure report to the vendors by January 31, immediately following each year of expenditures.

In the event that Volatus assigns the option agreement to a third party; Volatus will accelerate the final payment (third anniversary) for cash and Volatus' Share payments due to Tower on August 5, 2023 under the Belle Option Agreement; thereby completing the Belle Option and thereby earning a 100% interest in the Belle property. Volatus further agrees to immediately thereafter, register each of the seven titles comprising the Belle property, as to 50% each in the names of T. Cameron Scott and Victor F. Erickson.