CAMEO RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended August 31, 2023 and 2022

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

dmcl.ca

Independent Auditor's Report

To the Shareholders of Cameo Resources Inc.

Opinion

We have audited the consolidated financial statements of Cameo Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2023 and 2022, and the consolidated statements of operations and comprehensive loss, cash flows, and changes in deficit for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company had an accumulated deficit of $1,471,586 as at August 31, 2023 and, as of that date, the Company's current liabilities exceeded its total assets by $133,438. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the 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 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 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 Financial Statements

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

In preparing the 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 Financial Statements

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

January 2, 2024

CAMEO RESOURCES INC.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	August 31, 2023	August 31, 2022
ASSETS		
Current assets		
Cash	$ 4,131	$ 45,732
Trust account	-	2,292
Marketable securities *(Note 4)*	1,178	1,010
Total current assets	5,309	49,034
Non-current assets		
Exploration and evaluation assets *(Note 5)*	328,706	264,083
Total non-current assets	328,706	264,083
TOTAL ASSETS	$ 334,015	$ 313,117
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable *(Note 7)*	$ 138,747	$ 114,152
Total current liabilities	138,747	114,152
Long-term liabilities		
Due to related parties *(Note 7)*	918,352	686,947
Total long-term liabilities	918,352	686,947
TOTAL LIABILITIES	1,057,099	801,099
SHAREHOLDERS' DEFICIT		
Capital stock *(Note 6)*	701,500	701,500
Reserve *(Note 6)*	47,002	10,684
Deficit	(1,471,586)	(1,200,166)
TOTAL SHAREHOLDERS' DEFICIT	(723,084)	(487,982)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$ 334,015	$ 313,117

Nature and continuance of operations (Note 1)
Proposed transaction (Note 11)
Subsequent events (Note 13)

The financial statements are signed on the Company's behalf by:

"Abby Farrage" — Director & Chief Executive Officer

"Leonard Senft" — Director

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

CAMEO RESOURCES INC.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended August 31, 2023	Year ended August 31, 2022
EXPENSES		
Accounting and audit	$ 59,569	$ 4,205
Consulting fees *(Note 7)*	25,000	29,000
Management fees *(Note 7)*	55,000	60,000
Office and administration *(Note 7)*	75,471	45,093
Professional fees	34,594	5,396
Share-based payments *(Notes 6 and 7)*	36,318	-
	(285,952)	(143,694)
OTHER ITEM		
Unrealized gain (loss) on marketable securities *(Note 4)*	168	(7,407)
Gain of forgiveness of debt	14,364	-
Loss and comprehensive loss for the year	$ (271,420)	$ (151,101)
Basic and diluted loss per share	$ (0.02)	$ (0.01)
Weighted average number of shares outstanding – basic and diluted	17,040,001	17,040,001

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

CAMEO RESOURCES INC.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended August 31, 2023	Year ended August 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (271,420)	$ (151,101)
Items not involving cash:		
Accrued management fees	55,000	60,000
Accrued office and administration	27,500	30,000
Gain on forgiveness of debt	(14,364)	-
Share-based payments	36,318	-
Unrealized loss (gain) on marketable securities	(168)	7,407
Changes in non-cash operating working capital:		
Trust account	2,292	(2,292)
Accounts payable	26,610	33,601
Net cash used in operating activities	(138,232)	(22,385)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(52,274)	-
Net cash used in investing activities	(52,274)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from related parties	148,905	10,375
Net cash provided by financing activities	148,905	10,375
Change in cash	(41,601)	(12,010)
Cash, beginning	45,732	57,742
Cash, ending	$ 4,131	$ 45,732

Supplemental Cash Flow Information:

During the year ended August 31, 2023, the Company has the following non-cash transactions:

- The Company recognized $12,349 of exploration and evaluation asset additions in accounts payble.

There were no supplemental cash flow disclosures for the year ended August 31, 2022.

CAMEO RESOURCES INC.

Consolidated Statement of Changes in Deficit
(Expressed in Canadian Dollars)

	Number of shares	Capital Stock	Reserve	Deficit	Total Deficit
Balance as at August 31, 2021	**17,040,001**	**$ 701,500**	**$ 10,684**	**$ (1,049,065)**	**$ (336,881)**
Comprehensive loss for the year	-	-	-	(151,101)	(151,101)
Balance as at August 31, 2022	**17,040,001**	**$ 701,500**	**$ 10,684**	**$ (1,200,166)**	**$ (487,982)**
Share-based payments *(Note 6)*	-	-	36,318	-	36,318
Comprehensive loss for the year	-	-	-	(271,420)	(271,420)
Balance as at August 31, 2023	**17,040,001**	**$ 701,500**	**$ 47,002**	**$ (1,471,586)**	**$ (723,084)**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Elmira Capital Inc. (the "Company") was incorporated on August 22, 2014 under the Business Corporation Act of British Columbia. On May 12, 2023, the Company changed its name to Cameo Resources Inc. The head office of the Company is 5623 145A Street, Surrey, B.C. V3S 8E3. The Company is a junior exploration company.

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, 2023, the Company has not generated any revenues from operations, has a working capital deficiency of $133,438 and an accumulated deficit of $1,471,586. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. 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.

Management is of the opinion 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.

If the going concern assumption is not appropriate for these financial statements, then adjustments that would be necessary to the carrying value of assets and liabilities, the reported expenses, and the classifications used could be material.

2. BASIS OF PREPARATION

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

The Company’s functional and reporting currency is the Canadian dollar. The consolidated financial statements were prepared and approved for issuance by the Board of Directors on January 2, 2024.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company, which is incorporated under the laws of British Columbia, and its wholly owned subsidiary, Elmira Capital (US) Corp. which was incorporated in Nevada, USA on December 23, 2019. All significant intercompany balances and transactions have been eliminated upon consolidation. The entity was inactive during the year.

2. BASIS OF PREPARATION (CONTINUED)

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The subsidiaries of the Company are as follows:

Name of subsidiary	Incorporation	Interest August 31, 2023	Interest August 31, 2022
Elmira Capital (US) Corp.	Nevada, USA	100%	100%

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas where management's judgement has been applied include:

- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets*;
- 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 a significant uncertainty; and
- The classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses and the recoverability of exploration and evaluation expenditures.

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the value of share-based payments, 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, provisions for restoration and environmental obligations and contingent liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

a) Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency in which funds from financing activities are generated and receipts from operating activities are usually retained.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call 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) 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.

d) 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.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

d) Financial Instruments (continue)

(i) Classification (continued)

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 operations 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 operations 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.

(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 operations 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.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(iv) Derecognition (continued)

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.

e) Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in profit and loss over the period of borrowings on an effective interest basis.

f) 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.

g) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

h) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

i) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the earnings or 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 weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, 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.

k) 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 mine development assets in property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditure 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 include 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 expenditures are 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:

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

k) Exploration and Evaluation Assets (continued)

- 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.

l) Share-Based Payment

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.

New standards, interpretations and amendments not yet effective

Accounting standards, amendments to standards and interpretations that have been issued but have future effective dates are either not applicable or are not expected to have a material effect on the financial statements of the Company.

(Expressed in Canadian Dollars)

4. MARKETABLE SECURITIES

Marketable securities are recorded at fair value through profit and loss and are comprised of the following:

	August 31, 2023			August 31, 2022		
	Common shares	**Market value**	**Cost**	**Common shares**	**Market value**	**Cost**
Right Season Investments Corp. (formerly Urban Select Capital Corp)	33,668	$ 1,178	$ 25,250	33,668	$ 1,010	$ 25,250
		$ 1,178	$ 25,250		$ 1,010	$ 25,250

During the year ended August 31, 2023, the Company recognized an unrealized gain on marketable securities of $168 (2022 – loss of $7,407).

5. EXPLORATION AND EVALUATION ASSETS

	Nevada Claims, USA
Balance – August 31, 2022 and 2021	**$ 264,083**
Geological analysis	39,260
Field equipment and supplies	25,363
Balance – August 31, 2023	**$ 328,706**

Nevada Claims, USA

The Company entered into an option agreement with Kokanee Placer Two Ltd. ("Kokanee") in December 2018, which was amended in November 2019 and amended on September 21, 2022. Pursuant to the agreement, Kokanee granted the Company an option to earn an 80% interest in certain mineral claims in Nevada, USA for consideration of the following:

i) Cash payment of $50,000 USD (paid);
ii) Issuance of 1,000,000 shares on or before January 31, 2019 (issued with a fair value of $30,000); and
iii) $75,000 USD in exploration expenditures incurred on or before September 1, 2019 and December 31, 2019, respectively (deemed by optionor to have been incurred).

Kokanee further granted the Company an option to purchase up to an additional 20% interest in the mineral claims in consideration of cash payments of $1,000,000 for each additional 5% interest in the mineral claims for up to $4,000,000.

On September 21, 2022, Kokanee provided notice to the Company that it removed the requirement of the for the additional cash payments of $1,000,000 for each additional 5% interest in the mineral claims and confirmed that the Company had earned the additional 20% interest prior to December 31, 2021.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

(a) Authorized – unlimited common and preferred shares without par value

(b) Issued and outstanding: 17,040,001 as at August 31, 2023 and 2022.

There were no share transactions during the years ended August 31, 2023 and 2022.

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.

On May 15, 2023, the Company approved the issuance of 1,050,000 stock options to officers and directors of the Company to be effective on the date the Company lists its shares on the Canadian Securities Exchange ("CSE"). Each stock option will be exercisable at $0.10 per share for a period of five years from the date of listing. The estimated grant date fair value of these options was $87,768 using the Black-Scholes Option Pricing Model. The assumptions used to value the options included volatility of 120.66% a risk-free interest rate of 3.08% and a five-year term. As at August 31, 2023, the Company had recognized $36,318 as share-based compensation.

The changes in options during the year ended August 31, 2023 and 2022 are as follows:

	Year ended August 31, 2023		Year ended August 31, 2022	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding, beginning of	-	$ -	-	$ -
Options granted	1,050,000	0.10	-	-
Outstanding, end of year	1,050,000	$ 0.10	-	$ -
Exercisable, end of year	-	$ 0.10	-	$ -

As at August 31, 2023, the Company had the following options outstanding:

Grant date	Expiry date	Number of options	Exercise price
May 15, 2023	Five years from Listing Date	1,050,000	$ 0.10
		1,050,000	

7. RELATED PARTY TRANSACTIONS

During the year ended August 31, 2023, the Company was involved in the following related party transactions:

a) Incurred management fees of $55,000 (2022 - $60,000) and rent expenses, grouped in office and administration, of $27,500 (2022 - $30,000) to the CEO and Director of the Company.
b) Incurred consulting fees of $23,000 (2022 - $24,000) to the CFO of the Company.
c) Recognized vesting of share-based payments of $36,318 (2022 - $nil) to officers and directors of the Company.
d) As at August 31, 2023, $52,000 (2022 - $43,000) was owing to the CFO of the Company and included in accounts payable. The amount is due on demand and non-interest bearing.
d) As at August 31, 2023, $608,152 (2022 - $376,747) was due to the CEO and Director of the Company and $310,200 (2022 – $310,200) was due to a company controlled by the CEO and Director of the Company, included in due to related parties. The parties agreed to postpone the payment due date until that date which is 13 months from the date that the Company's common shares are listed and called for trading on the CSE. The amounts owing by the Company are non-interest bearing. Notwithstanding such postponement, the Company may pre-pay all or any part of the debt without penalty before such payment due date. The amounts have been classified as non-current liabilities on the consolidated statements of financial position as at August 31, 2023 and 2022.

On August 1, 2023, the Company and the CFO entered into an Amendment Agreement for the consulting fees incurred of $2,500 per month. Per the Amendment Agreement, the CFO has agreed that no amounts relating to these fees will be paid and no further amounts incurred until the Company's shares have been listed on a Canadian stock exchange.

8. 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.

9. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at August 31, 2023, the Company's financial instruments consist of cash, marketable securities, accounts payable and due to related parties. The fair value of all financial instruments approximate their carrying values. Cash and marketable securities are classified as FVTPL. Accounts payable and due to related parties are classified as amortized cost.

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

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. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

9. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost.

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.

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 does not have any cash or variable interest loans, management considers the interest rate risk to be minimal.

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 functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars. In management's opinion there is no material foreign exchange risk to the Company.

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets. The Company's exploration and evaluation asset is located in the USA.

11. PROPOSED TRANSACTION

On March 24, 2023, the Company signed an agreement with PI Financial Corp. (the "Agent") to act as exclusive agent with respect to its proposed Initial Public Offering ("IPO") to sell 7,500,000 shares of the Company at a price of $0.10 per share. The Company will pay to the Agent a commission of 10% of the gross proceeds of the IPO, issue compensation options ("Compensation Options") equal in number to 10% of the number of shares sold under the IPO and will pay a corporate finance fee of $22,500 on closing of the IPO. The Compensation Options will entitle the Agent to purchase one common share of the Company at $0.10 per share for a period of 60 months following the date the Company's shares are listed on the CSE.

12. INCOME TAX

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

	August 31, 2023	August 31, 2021
Loss for the year	$ (271,420)	$ (151,101)
Statutory tax rate	27%	27%
Expected income tax recovery	(73,283)	(40,797)
Permanent differences	10,845	999
Change in valuation allowance	62,438	39,798
Deferred income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

12. INCOME TAX (CONTINUED)

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

	August 31, 2023	August 31, 2022
Loss carry-forwards	$ 1,242,006	$ 1,010,586
Marketable securities	24,072	24,240
	$ 1,266,078	$ 1,034,826

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

	Loss carry-forwards
2034	$ 6
2035	25,124
2036	15,070
2037	151,701
2038	63,000
2039	161,513
2040	313,984
2041	140,195
2042	139,993
2043	231,420
	$ 1,242,006

13. SUBSEQUENT EVENTS

a) On September 1, 2023, the Company and the CEO entered into Amendment Agreements for the management fees and rent incurred of $5,000 and $2,500 per month, respectively. Per the Amendment Agreements, the CEO has agreed that no amounts relating to these fees will be paid and no further amounts incurred until the Company's shares have been listed on a Canadian stock exchange.

b) On November 7, 2023, the Company entered into debt reorganization agreements with the CEO of the Company and a company controlled by the CEO, the "Debt Holders", whereby the Debt Holders agreed to settle debt of $450,000 through the issuance of 4,500,000 common shares of the Company, forgive debt of $262,700 and issue a postponement of payment for $213,852 until the date which is 13 months from the date that the Company's common shares are listed and called for trading on the CSE. The Company issued these shares on November 7, 2023.

c) On November 24, 2023, the Company filed its final prospectus. Under the offering, the Company will issue up to 7,500,000 common shares of the Company at $0.10 per share for gross proceeds of up to $750,000.