LEXSTON MINING CORPORATION

(formerly Lexston Life Sciences Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE-MONTH PERIODS ENDED
FEBRUARY 29, 2024 AND 2023

(EXPRESSED IN CANADIAN DOLLARS)

(Prepared by Management)

(UNAUDITED)

NOTICE OF NO AUDITORS' REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of Lexston Mining Corporation (formerly Lexston Life Sciences Corp.) (the "Company") have been prepared by and are the responsibility of the Company's management.

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

LEXSTON MINING CORPORATION
(formerly Lexston Life Sciences Corp.)

LEXSTON MINING CORPORATION
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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(UNAUDITED)

	Note	**FEBRUARY 29, 2024 $**	MAY 31, 2023 $
ASSETS			
Current assets			
Cash		**107,392**	510,995
Accounts receivable	4	**8,471**	6,350
Prepaid expenses and advances	11	**43,208**	240,325
Total current assets		**159,071**	757,670
Non-current assets			
Investment	5	**1**	1
Property and equipment	6	**36,860**	56,631
Exploration and evaluation assets	7	**279,985**	
Total non-current assets		**316,846**	56,632
TOTAL ASSETS		**475,917**	814,302
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**29,940**	11,207
Total current liabilities		**29,940**	11,207
Shareholders' equity			
Share capital	8	**4,431,370**	4,163,662
Share-based payment reserves	9,10,11	**147,873**	151,462
Deficit		**(4,133,266)**	(3,512,029)
Total shareholders’ equity		**445,977**	803,095
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**475,917**	814,302

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance by the Board of Directors on April 4, 2024:

/s/ Clinton Sharples
Clinton Sharples, Director

/s/ Jagdip Bal
Jagdip Bal, Director

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

LEXSTON MINING CORPORATION
(formerly Lexston Life Sciences Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
(UNAUDITED)

	Note	**Three-month period ended February 29, 2024 $**	Three-month period ended February 28, 2023 $	**Nine-month period ended February 29, 2024 $**	Nine-month period ended February 28, 2023 $
Operating expenses					
Advertising and promotion		**69,281**	13,562	**71,781**	172,900
Amortization	6	**6,574**	6,630	**19,771**	22,834
Consulting fees	11	**92,477**	171,605	**152,477**	377,313
Exploration and evaluation expenditures		**62,993**	–	**62,993**	–
Management fees	11	**15,000**	61,325	**40,000**	130,825
Office and miscellaneous		**5,154**	3,943	**7,859**	11,303
Professional fees		**27,997**	13,961	**117,612**	76,790
Regulatory and transfer agent fees		**8,081**	25,020	**43,775**	56,834
Rent		**9,502**	8,931	**28,505**	24,767
Research and development		**–**	–	**–**	(19,167)
Salaries and benefits	11	**–**	–	**–**	19,415
Share-based compensation	11	**75,619**	–	**75,619**	129,886
Travel and promotion		**–**	–	**845**	–
Total operating expenses		**372,678**	304,977	**621,237**	1,003,700
Net loss before other income (expense)		**(372,678)**	(304,977)	**(621,237)**	(1,003,700)
Other income (expense)					
Loss on disposal of equipment		**–**	–	**–**	(20,922)
Net loss and comprehensive loss		**(372,678)**	(304,977)	**(621,237)**	(1,024,622)
Loss per share, basic and diluted		**(0.01)**	(0.01)	**(0.02)**	(0.04)
Weighted average number of shares outstanding, basic and diluted		**32,006,200**	30,309,167	**30,873,875**	26,860,408

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

LEXSTON MINING CORPORATION
(formerly Lexston Life Sciences Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)
(UNAUDITED)

	Share capital				
	Number of shares	Amount $	Share-based reserves $	Deficit $	Total $
Balance, May 31, 2022	11,746,727	3,276,996	793,059	(3,196,344)	873,711
Issuance of common shares pursuant to private placement	18,562,440	928,122	–	–	928,122
Share issue costs	–	(41,456)	21,576	–	(19,880)
Fair value of stock options granted	–	–	129,886	–	129,886
Net loss for the period	–	–	–	(1,024,622)	(1,024,622)
Balance, February 28, 2023	30,309,167	4,163,662	944,521	(4,220,966)	887,217
Transfer from reserves to deficit relating to cancelled options	–	–	(793,059)	793,059	–
Net loss for the period	–	–	–	(84,122)	(84,122)
Balance, May 31, 2023	30,309,167	4,163,662	151,462	(3,512,029)	803,095
Issuance of common shares pursuant to the exercise of stock options	1,750,000	172,708	(79,208)	–	93,500
Issuance of common shares pursuant to exercise of warrants	200,000	15,000	–	–	15,000
Issuance of common shares pursuant to property acquisition payment	1,000,000	80,000	–	–	80,000
Fair value of stock options granted	–	–	75,619	–	75,619
Net loss for the period	–	–	–	(621,237)	(621,237)
Balance, February 29, 2024	**33,259,167**	**4,431,370**	**147,873**	**(4,133,266)**	**445,977**

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

LEXSTON MINING CORPORATION
(formerly Lexston Life Sciences Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
(UNAUDITED)

	Nine-month period ended February 29, 2024 $	Nine-month period ended February 28, 2023 $
OPERATING ACTIVITIES		
Net loss	**(621,237)**	(1,024,622)
Items not involving cash:		
Amortization	**19,771**	22,834
Loss on disposal of equipment	–	21,922
Share-based compensation	**75,619**	129,886
Changes in non-cash operating working capital:		
Amounts receivable	**(2,121)**	29,266
Prepaid expenses and advances	**197,117**	79,029
Accounts payable and accrued liabilities	**18,733**	(70,171)
Net cash used in operating activities	**(312,118)**	(811,856)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets.	**(199,985)**	–
Net cash used in investing activities	**(199,985)**	–
FINANCING ACTIVITIES		
Net proceeds from private placement	–	908,242
Proceeds from exercise of stock options	**93,500**	–
Proceeds from exercise of warrants	**15,000**	–
Net cash provided by financing activities	**108,500**	908,242
Change in cash	**(403,603)**	96,386
Cash, beginning of year	**510,995**	590,494
Cash, end of year	**107,392**	686,880
Non-cash investing and financing activities:		
Fair value of broker warrants issued	**–**	21,576
Fair value of shares issued for exploration and evaluation assets	**80,000**	–
Transfer of fair value of stock options to share capital upon exercise	**79,208**	–

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Lexston Mining Corporation (formerly Lexston Life Sciences Corp.) (the "Company") was incorporated on January 3, 2020 under the laws of the province of British Columbia. On October 16, 2023, the Company changed its name to Lexston Mining Corporation to reflect its change of business into mineral exploration and evaluation. The address of the Company's registered and records office is 1150 – 789 West Pender Street, Vancouver, BC, V6C 1H2 and its principal place of business is 929 Mainland Street, Vancouver, BC V6B 1S3.

The Company is engaged in the business of evaluating, and if deemed appropriate, acquiring and exploring natural resource properties. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its mineral operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent deferred acquisition costs incurred to date, less amounts written off, if any, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon the Company raising capital, the sale or entering into a joint venture of the Company's exploration and evaluation assets, and/or the attainment of profitable operations.

During the nine-month period ended February 29, 2024, the Company incurred a net loss of $621,237 (February 28, 2023 – $1,024,622) and has used net cash in operating activities of $312,118 (February 28, 2023 - $811,856). As at February 29, 2024, the Company has an accumulated deficit of $4,133,266 (May 31, 2023 - $3,512,029). The Company expects to incur further losses in order to complete its strategic objectives and continue as a going concern. While the Company has positive working capital, the ability of the Company to carry out its business objectives is dependent on its ability to secure continued financial support from related parties, to obtain public equity financing, or to ultimately attain profitable operations in the future. If and when the Company can attain profitability and positive cash flows is uncertain.

While the Company has been successful in securing financing in the past, there is no assurance that financing will be available in the future on terms acceptable to the Company. These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis and in accordance with International Financial Reporting Standards ("IFRS"). These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Principles of Consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Egret Bioscience Ltd. ("Egret") and Zenalytic Laboratories Ltd. ("Zen").

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company's unaudited condensed interim consolidated financial statements include the accounts of all subsidiaries subject to control by the Company. Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions, and unrealized intercompany gains and losses are eliminated upon consolidation.

Use of Estimates and Judgments

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

Significant areas requiring the use of management estimates include the collectability of accounts receivable, carrying value of investment, the useful lives and carrying value of property and equipment and intangible assets, fair value of share-based compensation, and recoverability of unrecognized deferred income tax assets.

Significant judgments include the following:

- Assessment of whether the going concern assumption is appropriate which requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period;
- Determining whether the acquisitions of Egret and Zen are a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in the acquisition transaction. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity;
- Judgment with respect to the assessment of fair value of investment in a private company. The fair value of common shares in a private company is determined by valuation techniques such as recent arm's length transactions, option pricing models, or other valuation techniques commonly used by market participants; and
- Costs to develop products that will be sold are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38, *Intangible Assets,* are met. Those criteria require that the product is technically and economically feasible, which management assesses based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

These unaudited condensed interim consolidated financial statements follow the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended May 31, 2023 except for the following:

Exploration and evaluation assets

I. Exploration and evaluation assets

Staking costs, property option payments and other costs associated with acquiring exploration and evaluation assets are capitalized and classified as “Exploration and evaluation Assets” on the Statement of Financial Position, whereas exploration and evaluation expenditures include costs of conducting geological and geophysical surveys, equipment rental, geochemical analysis, mapping and interpretation and costs to obtain legal rights to explore the area, among other expenditures.

Management reviews the carrying value of the capitalized exploration costs annually. The review is based on the Company’s intentions for development of the undeveloped property.

Subsequent recovery of the resulting carrying value depends on the successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project are written off.

II. Development

Upon completion of the technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transformed to and classified as mineral property acquisition and development costs. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Development expenditures are net of the proceeds of the sale of the metals from ore extracted during the development phase. Interest on the borrowings related to the construction and development of the assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

III. Impairment

The carrying value of all categories of exploration and evaluation assets are reviewed at least annually by management for indicators the recoverable amount may be less than the carrying value. When indicators of the impairment are present, the recoverable amount of the asset is evaluated at the level of a cash-generating unit (“CGU”), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU’s fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

Value-in-use is based on estimates of discontinued future cash flows expected to be recovered from and asset through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources. Future commodity prices and expected future operating and capital costs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral Properties (continued)

III. Impairment (continued)

Once calculated, 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.

Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of the asset of CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding the finance costs and income tax expense.

Impairment losses recognized in respect of CGU's are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis. Impairment losses are recognized in other expenses. Assumptions, such as commodity prices, discount rate and expenditures underlying the fair value estimates are subject to risk uncertainties. Impairment charges are recorded in the reporting period in which determination of the impairment is made by management.

Impairment losses recognized in prior reporting periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

IV. Provision for environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of the plant and other site preparation work, discounted to their net present value, are provided and capitalized at the start of each project to the carrying amount o the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against the profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or straight-line method.

The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

(Expressed in Canadian dollars)

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of these exposures. These risks include liquidity risk, credit risk, price risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Fair values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at February 29, 2023 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Carrying Amount $
Investment	–	1	–	1

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The fair values of other financial instruments, which include cash, accounts receivable, accounts payable and accrued liabilities, and amounts due to related party approximate their carrying values due to the relatively short-term maturity of these instruments.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt and equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company has cash of $107,392 at February 29, 2024 (May 31, 2023 – $510,995) in order to meet short-term liabilities of $29,940 (May 31, 2023 – $11,207). There is no assurance that financing will be available or, if available, that such financing will be on terms acceptable to the Company. The Company monitors its risk of shortage of funds by monitoring the maturity dates of its existing liabilities. The Company's accounts payable and amounts due to related parties are all due within one year.

Foreign exchange rate and interest rate risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(Expressed in Canadian dollars)

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of cash, and equity comprised of issued share capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

4. ACCOUNTS RECEIVABLE

	February 29, 2024 $	May 31, 2023 $
Trade accounts receivable	25	25
Taxes receivable	8,446	6,325
	8,471	6,350

5. INVESTMENT

On July 7, 2021, the Company acquired 750,000 Class C non-voting common shares of Psy Integrated Health Inc. ("Psy Integrated"), a private company incorporated in the province of British Columbia, at $0.10 per share for $75,000, representing 13% of the total issued and outstanding shares of Psy Integrated and no voting rights, board representation, or involvement in the day-to-day nature of its operations. The Company's investment in Psy Integrated is recorded as FVTPL.

During the year ended May 31, 2023, the Company recorded an unrealized loss of $28,999 (2022 - $46,000) on its investment in Psy Integrated, and as at May 31, 2023, has a carrying value of $1 (2022 - $29,000).

(Expressed in Canadian dollars)

6. PROPERTY AND EQUIPMENT

	Computer equipment $	Laboratory equipment $	Total $
COST:			
Balance, May 31, 2022	8,491	143,111	151,602
Disposals	(7,221)	(28,518)	(35,739)
Balance, May 31, 2023	1,270	114,593	115,863
Disposals	–	–	–
Balance, February 29, 2024	1,270	114,593	115,863
ACCUMULATED DEPRECIATION:			
Balance, May 31, 2022	3,926	39,323	43,249
Amortization	1,281	28,519	29,800
Disposals	(3,937)	(9,880)	(13,817)
Balance, May 31, 2023	1,270	57,962	59,232
Amortization	–	19,771	19,771
Balance, February 29, 2024	1,270	77,733	79,003
CARRYING AMOUNT:			
Balance, May 31, 2023	–	56,631	56,631
Balance, February 29, 2024	–	**36,860**	**36,860**

7. EXPLORATION AND EVALUATION ASSETS

	May 31, 2023 $	Additions $	Recoveries $	Write-off $	February 29, 2024 $
British Columbia					
Dory Property	–	85,000	–	–	85,000
Nunavut					
Projects Itza and 176	–	194,985	–	–	194,985
	–	**279,985**	**–**	**–**	**279,985**

Dory Property

The Company entered into a mineral property option agreement dated January 18, 2023 and amended May 31, 2023. In order to exercise the option and earn a 51% interest in the Dory Property, which consists of four mineral claims located 25 km west of Port Alberni in British Columbia, the Company must, within six months from the date of acceptance by the Canadian Securities Exchange (the "Exchange") of the option agreement and the change of business of the Company:

a) pay to the Optionor $85,000 (paid); and

b) issue to the Optionor a total of 250,000 (to be issued) common shares of the Company.

7. MINERAL PROPERTIES (continued)

Dory Property (continued)

The Company will earn a further 49% interest in the Dory Property making the total interest of the Company in the Property 100% by:

a) making a cash payment to the Optionor in the amount of $10,000 within one year from the date of the acceptance of the Option Agreement and the change of business of the Company by the Exchange;

b) incurring expenditures on the Dory Property in the amount of $100,000 within one year from the date of the acceptance of the Option Agreement and the change of business of the Company by the Exchange; and

c) issuing to the Optionor a total of 250,000 common shares of the Company within one year from the date of the acceptance of the Option Agreement and the change of business of the Company by the Exchange.

The option is subject to 2% net smelter return royalty in favour of the Optionor, 1/2 of which can be repurchased by the Company for $1,000,000.

Projects Itza and 176 Properties

The Company entered into a mineral property option agreement dated November 27, 2023 with three optionors to acquire 100% interest in the uranium mineral property, with three optionors (the **"Optionors"**) to acquire 100% interest

in the uranium mineral property, generally known as "Project 176" (claim 103470) and "Project Itza" (claim numbers 103463, 103478 and 103465) located in the Thelon Basin in Nunavut and occupying a total area of 5,661.93 hectares (the **"Property"**).

To exercise the option and earn the 100% interest in the Property, the Company has over a period of two years to pay a total of $400,000 and issue a total of 6,000,000 shares to the Optionors as follows:

- upon the execution of the Agreement to pay $10,000 (paid);
- sixty days from the date of the Agreement to pay $90,000 (paid) and issue 1,000,000 shares (issued);
- within one year from the date of the Agreement to pay $100,000 and issue 2,000,000 shares; and
- within two years from the date of the Agreement to pay $200,000 and issue 3,000,000 shares.

The Option is subject to a net smelter return royalty payable by the Company to the Optionors equal to one percent on the proceeds from production for all minerals derived from the Property. The Company may elect to purchase from the Optionors at any time one-half of the net smelter return royalty, upon the payment to the Optionors of $1,000,000.

The Agreement provides for an investigative period of 60 days. The investigative period locks the Property for the Company for sixty days in exchange for a non-refundable payment of $10,000 (advanced as per above upon execution). During the investigative period the Company plans to perform further investigations regarding the Property and can terminate the Agreement by providing a one day's written notice to the Optionors without making any additional payments or issuing any shares.

During the nine-month period ended February 29, 2024, the Company staked five new mineral claims totaling 5,688 hectares for $14,985 which join Projects and 176 making it one contiguous land package totaling 11,350 hectares located within the Thelon Basin.

8. SHARE CAPITAL

Authorized

Unlimited number of common shares, voting, without par value.

On May 27, 2022, the Company consolidated its issued and outstanding common shares on the basis of 5 old common shares to 1 new common share. Unless otherwise noted, all shares, options and warrants have been retroactively adjusted to reflect the consolidation.

Escrow Shares

Pursuant to an escrow agreement effective June 7, 2021, a total of 4,260,000 common shares of the Company were deposited into escrow for certain principal shareholders. Under the escrow agreement, 10% of the escrowed common shares were released (on the date of listing) and 15% will be released subsequently every 6 months thereafter over a period of 36 months. As of February 29, 2024, there were 639,000 (May 31, 2023 – 1,917,000) shares held in escrow.

Share Issuances

Period ended February 29, 2024

During the nine-month period ended February 29, 2024, the Company issued a total of 2,950,000 common shares as follows:

(a) the Company issued 1,550,000 common shares as a result of 1,550,000 incentive stock options exercised at a price of $0.05 for total proceeds of $77,500 which resulted in the transfer of $67,108 from share-based payment reserves.

(b) the Company issued 200,000 common shares as a result of 200,000 incentive stock options exercised at a price of $0.08 for total proceeds of $16,000 which resulted in the transfer of $12,100 from share-based payment reserves.

(c) the Company issued 200,000 common shares as a result of 200,000 warrants exercised at a price of $0.075 for total proceeds of $15,000.

(d) The Company issued 1,000,000 common shares at a deemed price of $0.08 for the Projects Itza and 176 mineral property acquisition option payment.

Year ended May 31, 2023

During the year ended May 31, 2023, the Company issued a total of 18,562,440 common shares as follows:

(a) During the year ended May 31, 2023, the Company issued 18,562,440 units at $0.05 per unit for proceeds of $928,122, including 800,000 units issued to officers and directors of the Company for proceeds of $40,000. Each unit consisted 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 $0.075 per share. As part of the private placement, the Company paid finders' fees of $19,880 and issued 397,600 brokers warrants under the same terms and conditions as the warrants issued pursuant to the private placement. The value of the brokers warrants amounted to $21,576 based on the value of the equity instruments issued. This issuance cost was recorded as reduction in share capital and an increase in reserves.

(Expressed in Canadian dollars)

9. SHARE PURCHASE WARRANTS

The continuity of share purchase warrants is summarized below:

	Weighted average exercise price $	Number of warrants
Balance, May 31, 2022	0.75	2,790,319
Issued pursuant to private placement	0.075	18,562,440
Broker warrants issued pursuant to private placement	0.075	397,600
Balance, May 31, 2023	**0.16**	**21,750,359**
Expired	0.75	(2,790,319)
Exercised	0.075	(200,000)
Balance, February 29, 2024	**0.075**	**18,760,040**

As at February 29, 2024, there are a total 18,760,040 warrants outstanding and exercisable at $0.075 per common share expiring on July 4, 2027.

The 397,600 broker warrants issued pursuant to private placement were valued using the Black-Scholes option pricing model with the following assumptions: Annualized volatility of $124%; risk-free interest rate of 3.04%; expected life of 5 years; and no expected dividends.

10. STOCK OPTIONS

The Company has a Stock Option Plan whereby stock options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's stock on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the stock option grant.

	Weighted average exercise price $	Number of options
Outstanding, May 31, 2022	0.69	796,000
Granted	0.05	3,000,000
Cancelled	0.69	(796,000)
Outstanding, May 31, 2023	0.05	3,000,000
Granted	0.08	1,250,000
Exercised	0.05	(1,750,000)
Outstanding and exercisable, February 29, 2024	**0.06**	**2,500,000**

Additional information regarding stock options outstanding as at February 29, 2024 is as follows:

Expiry date	Weighted average remaining contractual life (years)	Exercise price $	Stock options outstanding	Stock options exercisable
October 5, 2027	3.60	0.05	1,450,000	1,450,000
January 11, 2029	4.87	0.08	1,050,000	1,050,000
	4.11		**2,500,000**	**2,500,000**

(Expressed in Canadian dollars)

10. STOCK OPTIONS (continued)

On January 11, 2024, the Company granted 1,250,000 incentive stock options to a director and consultants to the Company valued at $75,619 or $0.06 per option, all of which was recorded as share-based compensation for the nine-months ended February 29, 2024. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.31%; an expected volatility of 133%; an expected life of 5 years ; a forfeiture rate of zero; and an expected dividend rate of zero.

11. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

	Three-month period ended February 29, 2024	Three-month period ended February 28, 2023	**Nine-month period ended February 29, 2024**	Nine-month period ended February 28, 2023
	$	$	**$**	$
Consulting fees	**11,250**	22,500	**11,250**	42,500
Management fees	**15,000**	61,325	**40,000**	130,825
Salaries and short-term benefits	**–**	–	**–**	19,415
Share-based payments	**18,149**	–	**18,149**	45,460

(a) As at February 29, 2024, the Company prepaid $11,250 (May 31, 2023 - $22,500) consulting fees to a director.

(b) During the nine-month period ended February 29, 2024, the Company incurred $40,000 (2023 - $130,825) of management fees to the Chief Executive Officer of the Company.

(c) During the nine-month period ended February 29, 2024, the Company incurred $nil (2023 - $19,415) of salaries and short-term benefits to two former directors which included the disposal of equipment of $nil (2023 - $15,000) in lieu of notice of termination.

(d) On January 11, 2024, the Company granted 300,000 incentive stock options to a director of the Company valued at $18,149 (2023 - $45,460) or $0.06 per option (2023 - $0.04), all of which was recorded as share-based compensation for the nine-months ended February 29, 2024.