

**EARTHWISE MINERALS CORP.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

For the six months ended September 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF THE  
CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of the Company for the six months ended September 30, 2024 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

**EARTHWISE MINERALS CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
As at September 30, 2024 and March 31, 2024  
(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

	<b>September 30, 2024</b>	<b>March 31, 2024</b>
<b>ASSETS</b>		
Current		
Cash	\$ 5,267	\$ 70,914
Amounts receivable (Note 7)	11,876	23,668
Prepaid expenses and deposits (Note 7)	-	31,500
	<u>\$ 17,143</u>	<u>\$ 126,082</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Notes 7 and 11)	\$ 1,004,711	\$ 942,656
Note payable (Note 8)	25,658	-
	<u>1,030,369</u>	<u>942,656</u>
<b>SHAREHOLDERS' DEFICIT</b>		
Share capital (Note 6)	5,392,646	5,392,646
Share subscriptions receivable (Note 6)	(5,000)	(5,000)
Contributed surplus (Note 6)	595,709	595,709
Accumulated deficit	(6,996,581)	(6,799,929)
	<u>(1,013,226)</u>	<u>(816,574)</u>
	<u>\$ 17,143</u>	<u>\$ 126,082</u>

Going concern (Note 2)  
Commitments and contingency (Note 11)

APPROVED ON BEHALF OF THE BOARD:

“Patrick Morris” Director  
Patrick Morris

“Mark Luchinski” Director  
Mark Luchinski

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

**EARTHWISE MINERALS CORP.****CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three and six months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended September 30,		For the six months ended September 30,	
	2024	2023	2024	2023
Expenses				
Consulting fees (Note 7)	\$ 69,000	\$ 72,500	\$ 150,000	\$ 92,000
General exploration costs (recovery) (Notes 5 and 7)	-	(72,252)	-	(72,252)
Interest and bank charges (Notes 8 and 11)	13,733	14,867	27,969	27,542
Marketing	-	-	-	12,500
Office and general	457	146	597	438
Professional fees	4,260	15,648	4,486	18,496
Regulatory and transfer agent fee	3,640	3,627	6,902	9,964
Travel, conferences and entertainment	2,717	-	6,852	3,076
Website	-	2,750	-	2,750
	93,807	37,286	196,806	94,514
Loss before other income	(93,807)	(37,286)	(196,806)	(94,514)
Other income				
Interest income	-	1,361	154	1,361
	-	1,361	154	1,361
Net loss and comprehensive loss for the period	\$ (93,807)	\$ (35,925)	\$ (196,652)	\$ (93,153)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	11,904,383	11,054,383	11,904,383	10,862,033

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

**EARTHWISE MINERALS CORP.****CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT**

For the six months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Share Subscriptions Receivable</b>	<b>Contributed Surplus</b>	<b>Accumulated Deficit</b>	<b>Total Shareholders' Deficit</b>
Balance, March 31, 2023	9,454,383	\$ 5,288,146	\$ (45,000)	\$ 583,709	\$ (6,011,125)	\$ (184,270)
Shares issued for exploration and evaluation asset	1,600,000	62,000	-	-	-	62,000
Write-off of share subscriptions receivable	-	-	40,000	-	-	40,000
Net loss for the period	-	-	-	-	(93,153)	(93,153)
Balance, September 30, 2023	11,054,383	\$ 5,350,146	\$ (5,000)	\$ 583,709	\$ (6,104,278)	\$ (175,423)
Balance, March 31, 2024	11,904,383	\$ 5,392,646	\$ (5,000)	\$ 595,709	\$ (6,799,929)	\$ (816,574)
Net loss for the period	-	-	-	-	(196,652)	(196,652)
Balance, September 30, 2024	11,904,383	\$ 5,392,646	\$ (5,000)	\$ 595,709	\$ (6,996,581)	\$ (1,013,226)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

**EARTHWISE MINERALS CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
For the six months ended September 30, 2024 and 2023  
(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

	<b>For the six months ended</b>	
	<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating Activities</b>		
Net loss for the period	\$ (196,652)	\$ (93,153)
Items not affecting cash:		
Interest charges	27,965	-
Changes in non-cash working capital items related to operations:		
Amounts receivable	11,792	108,264
Prepaid expenses and deposits	31,500	12,133
Accounts payable and accrued liabilities	34,748	(78,698)
Due from related party	-	-
Cash used in operating activities	(90,647)	(51,454)
<b>Investing Activity</b>		
Proceeds from the sale of exploration and evaluation asset	-	10,000
Cash provided by investing activity	-	10,000
<b>Financing Activities</b>		
Note payable	25,000	-
Share subscriptions received	-	40,000
Cash provided by financing activities	25,000	40,000
Change in cash during the period	(65,647)	(1,454)
Cash, beginning of period	70,914	42,029
Cash, end of the period	\$ 5,267	\$ 40,575
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the period:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
<b>Non-cash Transaction</b>		
Shares issued for exploration and evaluation assets	\$ -	\$ 62,000

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

## **EARTHWISE MINERALS CORP.**

Notes to the Condensed Interim Financial Statements

As at September 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### **1. CORPORATE INFORMATION**

Earthwise Minerals Corp. (the “Company”) is a mineral property exploration company whose common shares trade on the Canadian Securities Exchange (“CSE”). On April 15, 2021, the Company was listed and commenced trading on the CSE on April 19, 2021, under the trading symbol “HM”. On April 18, 2023, the Company changed the name to ‘Earthwise Minerals Corp.’ The Company commenced trading on CSE under the new trading symbol “WISE” on April 21, 2023.

The Company was incorporated on April 26, 2019, in British Columbia. The head office and registered and records office of the Company is located at 409 Granville Street, Suite 1000, Vancouver, British Columbia, Canada, V6C 1T2.

### **2. BASIS OF PREPARATION**

#### **(a) Statement of Compliance**

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The condensed interim financial statements were authorized for issue by the Board of Directors on November 28, 2024.

#### **(b) Basis of Measurement**

The condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, unless otherwise noted.

#### **(c) Going Concern**

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At September 30, 2024, the Company has not achieved profitable operations, has accumulated losses of \$6,996,581 (March 31, 2024 - \$6,799,929) since inception and expects to incur further losses in the development of its business.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, relations between NATO and Russian Federation regarding the situation in Ukraine, the escalation of war in the Middle East and potential economic global challenges such as the risk of the higher inflation and energy crisis, may create further uncertainty and risk with respect to the prospects of the Company’s business.

## **EARTHWISE MINERALS CORP.**

Notes to the Condensed Interim Financial Statements

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### **2. BASIS OF PREPARATION – (cont'd)**

#### **(c) Going Concern – (cont'd)**

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

### **3. MATERIAL ACCOUNTING POLICIES**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at March 31, 2024.

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

The effect of a change in an accounting estimate is recognized prospectively by including it in net loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

#### **Critical Judgments, Estimates and Assumptions in Applying Accounting Policies**

Information about judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

#### **Going Concern**

The assessment of the Company's ability to continue as a going concern requires significant judgement. See Note 2(c).

**EARTHWISE MINERALS CORP.**

Notes to the Condensed Interim Financial Statements

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**5. EXPLORATION AND EVALUATION ASSET AND EXPENDITURES**

The following tables summarize the Company's exploration and evaluation assets as at September 30, 2024 and March 31, 2024.

	Wilson Property	Gilnockie Property	Total
Balance, March 31, 2023	\$ 465,500	\$ 10,000	\$ 475,500
Shares issued	62,000	-	62,000
Cash - received	-	(10,000)	(10,000)
Write-off of exploration and evaluation asset	(527,500)	-	(527,500)
Balance, March 31, 2024 and September 30, 2024	\$ -	\$ -	\$ -

*Wilson Gold Property*

By a property option agreement with Cartier Resources Inc. dated on April 22, 2021, and as amended on April 20, 2023, the Company acquired 100% interest in the Wilson Gold property located in Verneuil township east of the town of Lebel-sur-Quevillon Quebec. As consideration, the Company is required to pay cash of \$1,050,000, issue an aggregate of 2,020,000 common shares, incur not less than \$6,000,000 in exploration expenditures and drill a minimum of 24,000 metres over a period of five years as follows:

- Cash payment of \$200,000 and issuance of 70,000 common shares upon execution of the agreement (paid and shares issued);
- Cash payment of \$150,000, issuance of 70,000 common shares, minimum exploration expenditures of \$750,000 and drilling of 3,000m within the first anniversary date (paid, issued, incurred, and completed);
- Issuance of 1,600,000 common shares and are subject to resale restrictions of 400,000 common shares (25%) that may be sold after the three-month hold period and an additional 25% may be sold every three months thereafter with the last 25% may be sold 12 months from the date of issuance (issued);
- Minimum exploration expenditures of \$750,000 and drilling of 3,000m within the second anniversary date (Incurred and completed);
- Cash payment of \$300,000, issuance of 80,000 common shares, minimum exploration expenditures of \$1,000,000 and drilling of 4,000m within the third anniversary date;
- Cash payment of \$300,000, issuance of 100,000 common shares, minimum exploration expenditures of \$1,500,000 and drilling of 6,000m within the fourth anniversary date;
- Cash payment of \$100,000, issuance of 100,000 common shares, minimum exploration expenditures of \$2,000,000 and drilling of 8,000m within the fifth anniversary date.

The Company has commitment of royalties of 4.5% to various owners with the options to repurchase.

Upon exercise of the option, Cartier Resources Inc. will retain a 2% net smelter return royalty ("NSR") of which 1% NSR may be purchased by the Company for \$4,000,000.

During the year ended March 31, 2024, the Company decided not to proceed with the property option agreement with Cartier Resources Inc. and have recorded a write-off of \$527,500 in acquisition costs.

## EARTHWISE MINERALS CORP.

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### 5. EXPLORATION AND EVALUATION ASSET AND EXPENDITURES – (cont'd)

#### *Gilnockie Property*

On November 14, 2022, the Company entered into a land purchase and sale contract agreement with Strata GeoData Services Ltd. to acquire 100% interest in 2 mineral claims, known as the Gilnockie property, located 40 kilometers south of Cranbrook, British Columbia. As consideration, the Company paid a cash purchase price of \$21,425.

During the year ended March 31, 2023, the Company recorded a write-down of \$11,425 to its recoverable amount of \$10,000. During the year ended March 31, 2024, the Company disposed of the Gilnockie Property and received \$10,000 in cash consideration.

### 6. SHARE CAPITAL

#### (a) Authorized

Unlimited common shares with no par value.

#### (b) Issued

During the six months ended September 30, 2024:

There were no transactions during the period.

During the year ended March 31, 2024:

On April 22, 2023, pursuant to the terms of an option agreement, the Company issued 1,600,000 common shares fair valued at \$62,000 (Note 5). The fair value of the 1,600,000 common shares issued to the optionor were estimated based on the trading price of the shares on the date of issuance of \$0.083 per share, discounted by the put option, calculated using the Black-Scholes option-pricing model, for the length of the hold period. The weighted average of the inputs is as follows - Share price on date of grant of \$0.083; Risk-free interest rate of 3.69%; Hold period of 0.63 years; and Expected volatility of 210%. The volatility was determined based on the historical trading prices of the Company.

During the year ended March 31, 2024, the Company issued an aggregate of 850,000 common shares upon the vesting of RSU and transferred \$42,500 from contributed surplus.

#### (c) Share Purchase Warrants

The changes in share purchase warrants were as follows:

	September 30, 2024	Weighted Average Exercise Price	March 31, 2024	Weighted Average Exercise Price
Balance, beginning of period	3,182,500	\$0.47	6,775,000	\$0.98
Expired	(1,595,000)	0.79	(3,592,500)	1.44
Balance, end of period	1,587,500	\$0.10	3,182,500	\$0.47

**EARTHWISE MINERALS CORP.**

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As at September 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**6. SHARE CAPITAL – (cont'd)****(c) Share Purchase Warrants – (cont'd)**

As at September 30 2024, the Company had 1,587,500 share purchase warrants outstanding as follows:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Weighted average remaining life</b>
1,587,500	\$0.10	March 20, 2025	
1,587,500			0.47 yrs.

**(d) Finders' Warrants**

The changes in finders' warrants were as follows:

	<b>September 30, 2024</b>	<b>Weighted Average Exercise Price</b>	<b>March 31, 2024</b>	<b>Weighted Average Exercise Price</b>
Balance, beginning of period	112,000	\$0.49	354,838	\$1.02
Expired	(72,000)	0.70	(242,838)	1.26
Balance, end of period	40,000	\$0.10	112,000	\$ 0.49

As at September 30, 2024, the Company had 56,000 finders' warrants outstanding as follows:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Weighted average remaining life</b>
40,000	\$0.10	March 20, 2025	
40,000			0.47 yrs.

**(e) Escrow Shares**

Pursuant to an escrow agreement dated March 5, 2021, an aggregate of 610,000 common shares were placed into escrow to be released as to 10% upon receipt of notice from the CSE confirming the listing of the Company's common shares on the CSE with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following receipt of such notice. As at September 30, 2024, the Company had Nil (March 31, 2024 – 91,500) common shares held in escrow.

**(f) Stock Options**

The Company adopted a stock option plan whereby the Board of Directors may, from time to time, grant incentive stock options or restricted stock units (collectively, the "Awards") to directors, officers, employees and consultants. Under the plan, Awards issued may not exceed 10% of the issued common shares of the Company. The term of stock options shall be ten years from the grant date unless otherwise determined by the Board. The exercise price shall be determined by the Board but shall not be less than the fair market value of the common shares on the grant date.

**EARTHWISE MINERALS CORP.**

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(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**6. SHARE CAPITAL – (cont'd)****(f) Stock Options – (cont'd)**

On February 14, 2024, the Company granted 400,000 stock options to a consultant of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option at \$0.05 per share expiring on February 14, 2029. These stock options vested at the date of grant with a fair value of \$12,000 which was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.05; Risk-free interest rate of 3.60%; Dividend yield of 0%; Expected life of 5 years; Forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies.

The changes in stock options are as follows:

	<b>September 30, 2024</b>	<b>Weighted Average Exercise Price</b>	<b>March 31, 2024</b>	<b>Weighted Average Exercise Price</b>
Balance, beginning of period	606,000	\$0.28	671,000	\$0.70
Granted	-	-	400,000	0.05
Forfeited	-	-	(465,000)	0.70
Balance, end of period	606,000	\$0.28	606,000	\$0.28

As at September 30, 2024, the Company had 606,000 stock options outstanding as follows:

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Weighted average remaining life</b>
56,000	\$1.30	May 3, 2025	
150,000	\$0.50	July 7, 2027	
400,000	\$0.05	February 14, 2029	
606,000			3.88 yrs.

**(g) Restricted Share Unit**

On August 29, 2023, the Company agreed to grant 850,000 RSU to directors, officers and consultants of the Company that vest at 50% on December 30, 2023, and the remaining 50% on February 29, 2024. During the year ended March 31, 2024, the Company recognized \$42,500 as share-based payment and, as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus. As of March 31, 2024, the Company had issued 850,000 common shares upon the vesting of RSUs and transferred \$42,500 from contributed surplus.

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(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

### **7. RELATED PARTY TRANSACTIONS AND BALANCES**

The following expenses were incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	<b>For the six months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Consulting fees		
Enermetal Ventures Inc., company controlled by CEO	\$ 60,000	\$ 37,500
Jasmine Cherian former CFO	-	1,000
	<b>\$ 60,000</b>	<b>\$ 38,500</b>

Included in amounts receivable at September 30, 2024 is \$6,743 (March 31, 2024 - \$Nil) due from Hardcore Discoveries Ltd., a company having common directors and officer. The amount is non-interest bearing, unsecured and payable on demand.

As at September 30, 2024, prepaid expenses and deposits include \$Nil (March 31, 2024 - \$21,000) in prepaid consulting fees to the CEO.

Included in accounts payable and accrued liabilities at September 30, 2024 is \$37,383 (March 31, 2024 - \$6,384) in unpaid consulting fees and expense reimbursement to a company controlled by the CEO. These amounts are unsecured, payable on demand, and non-interest bearing.

### **8. NOTE PAYABLE**

On June 27, 2024, Amalfi Corporate Services Ltd. (“Amalfi”) loaned \$25,000 through a promissory note to the Company. 10% interest will accrue on the principal amount unless the Company is in default. If the Company is in default, then in addition to the other remedies available to Amalfi, interest at the rate of 10% shall apply to all outstanding balances (including accrued interest) until the amounts owing under this note are brought into good standing. The Company will not be required to make monthly payments, and the note is due on demand. As at September 30, 2024 note payable consist of \$25,658 which included \$658 in interest charges recorded during the six months ended September 30, 2024.

### **9. CAPITAL MANAGEMENT**

The Company’s objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and shareholders’ deficit.

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.

The Company’s investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company’s approach to capital management from the year ended March 31, 2024.

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(Expressed in Canadian Dollars)

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### **10. FINANCIAL INSTRUMENTS AND RISKS**

The Company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them unless otherwise stated in the note.

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities.

The business of mining and exploration involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at September 30, 2024 the Company had a working capital deficiency of \$1,013,226 (March 31, 2024 working capital deficiency - \$816,574). The Company has insufficient cash to meet its requirements for administrative overhead, to conduct due diligence on mineral property acquisition targets, and to conduct exploration of its mineral properties and mineral properties that may be acquired.

The Company does not generate cash flows from operations to fund its activities and therefore relies principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

#### **Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices.

#### **Interest Rate Risk**

The Company is not exposed to significant interest rate risk.

## **EARTHWISE MINERALS CORP.**

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(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### **10. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)**

#### **Credit Risk**

Financial instruments that potentially expose the Company to credit risk is cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

#### **Fair Values**

The Company's financial instruments at amortized costs include cash, accounts payable and accrued liabilities and note payable. The carrying amounts of these financial instruments approximate their fair values because of their current nature.

### **11. COMMITMENTS AND CONTINGENCIES**

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them as the Company has not made the required exploration expenditures.

During the year ended March 31, 2022, the Company received \$2,002,000 from the issuance of flow-through shares. The Company renounced \$2,001,834 to the subscribers and has until December 31, 2022, to incur the qualifying expenditures. As at March 31, 2023, the deadline to incur the qualifying expenditures has passed and the Company did not fulfill its obligations of approximately \$826,000. An amount totaling \$543,700 was accrued for the indemnification of the shareholders for taxes and penalties related to the unspent portion of the commitment including Part XII.6 taxes and related interest and penalties. During the year ended March 31, 2024, the Company paid \$32,993 in interest and penalties to Revenue Quebec. During the six months ended September 30, 2024, the Company accrued an additional \$27,307 (September 30, 2023 - \$24,465) in interest expense. Included in accounts payable and accrued liabilities at September 30, 2024 is \$590,824 (March 31, 2024 - \$563,517) for the indemnification of the shareholders and Part XII.6 taxes and related interest and penalties.

During the year ended March 31, 2023, the Order of Geologists of Quebec ("Order") filed a complaint that the Company's former chief geologist engaged in professional activities reserved for the members of the Order, while he was not a member of the Order nor otherwise authorized by the law to engage in such activities. As at March 31, 2023, the Company estimated that it would likely settle a potential obligation of \$51,000 for \$15,000, and recorded a \$15,000 provision.

On June 18, 2024, the Company received a Notice of Judgement from Ministère de la Justice Quebec related to the complaint for a total fine and contribution of \$90,668 and is required to pay this amount by October 13, 2024. During the year ended March 31, 2024, the Company recognized in penalties and other interest charges an additional cost of \$75,668. As at September 30, 2024 and March 31, 2024, \$90,668 was included in accounts payable and accrued liabilities.