PROSPECT RIDGE RESOURCES CORPORATION

FINANCIAL STATEMENTS
(Presented in Canadian Dollars)

FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Prospect Ridge Resources Corp.

Opinion

We have audited the accompanying financial statements of Prospect Ridge Resources Corp. (the "Company"), which comprise the statements of financial position as at August 31, 2024 and 2023, and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 8 to the financial statements, the carrying amount of the Company's E&E Assets was $4,459,750 as of August 31, 2024. As more fully described in Notes 2 and 3 to the financial statements, the carrying amount of the Company's assets are reviewed at the end of each reporting period to determine if there is an indication that the carrying amount may not be recoverable.

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

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

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

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

Our opinion on the 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 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 IFRS Accounting 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.

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

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

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

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

December 4, 2024

PROSPECT RIDGE RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)
AS AT

		August 31, 2024		August 31, 2023
ASSETS				
Current				
Cash	$	57,741	$	1,394,027
Short-term investments		4,172,510		-
Receivables(Note 4)		62,780		21,838
Refundable tax credit (Note 8)		546,944		452,605
Prepaid expenses		269,706		53,954
		5,109,681		1,922,424
Reclamation deposits (Note 9)		59,500		59,500
Equipment and right-of-use assets (Note 5)		578,087		571,612
Exploration and evaluation assets (Note 8)		4,459,750		4,459,750
Total Assets	$	10,207,018	$	7,013,286
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	952,650	$	280,314
Current portion of lease liabilities (Note 6)		67,372		77,376
Current portion of loan payable (Note 7)		8,317		32,710
		1,028,339		390,400
Lease liabilities – non-current (Note 6)		212,194		122,391
Loan payable – non-current (Note 7)		50,873		59,190
Total Liabilities		1,291,406		571,981
Shareholders' Equity				
Share capital (Note 10)		16,872,546		11,945,415
Commitment to issue finder's shares (Note 8)		197,143		262,857
Contributed surplus (Note 10)		2,300,417		2,051,404
Deficit		(10,454,494)		(7,818,371)
Total Shareholders' Equity		8,915,612		6,441,305
Total Liabilities and Shareholders' Equity	$	10,207,018	$	7,013,286

Nature and continuance of operations (Note 1)
Subsequent event (Note 15)

Approved and authorized by the Board of Directors on December 4, 2024:

"Michael Iverson" Director *"Yan Ducharme"* Director

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

PROSPECT RIDGE RESOURCES CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)

	For the year ended August 31, 2024	For the year ended August 31, 2023
EXPENSES		
Business development	$ 7,307	$ 20,000
Depreciation (Note 5)	155,217	129,152
Directors' fees (Note 11)	54,000	40,000
Exploration and evaluation expenditures (Notes 8, 11)	1,550,701	1,520,656
Finance expense	3,467	-
Insurance	32,945	29,002
Investor relations	196,456	191,569
Lease accretion (Note 6)	8,699	8,403
Management and consulting fees (Note 11)	354,970	306,668
Office and miscellaneous	93,673	86,795
Professional fees (Note 11)	77,368	107,321
Share-based payments (Notes 10, 11)	137,928	203,732
Transfer agent and filing fees	32,053	20,450
Travel expense	33,487	33,010
Recovery of tax credits (Note 8)	(94,338)	(432,188)
Total operating expenses	(2,643,933)	(2,264,570)
Other income (expense)		
Gain on write-off of accounts payable	-	21,116
Gain on modification of lease liabilities (Note 6)	-	3,020
Gain on sale of equipment (Note 5)	-	10,407
Unrealized gain on short-term investments	9,010	-
Equipment written off (Note 5)	(1,200)	-
	7,810	34,543
Loss and comprehensive loss for the year	$ (2,636,123)	$ (2,230,027)
Basic and diluted loss per common share	$ (0.05)	$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	57,230,045	51,873,336

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

PROSPECT RIDGE RESOURCES CORP.
STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

	For the year ended August 31, 2024	For the year ended August 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (2,636,123)	$ (2,230,027)
Items not affecting cash:		
Depreciation	155,217	129,152
Equipment written off	1,200	-
Finance expense	3,467	-
Gain on modification of lease liabilities	-	(3,020)
Gain on sale of equipment	-	(10,407)
Gain on write-off of accounts payable	-	(21,116)
Unrealized gain on short-term investments	(9,010)	-
Lease accretion	8,699	8,403
Share-based payments	137,928	203,732
Changes in non-cash working capital items:		
Receivables	(40,942)	42,362
Refundable tax credits	(94,339)	129,328
Prepaid expenses	(215,752)	150,781
Accounts payable and accrued liabilities	636,130	26,688
Net cash used in operating activities	(2,053,525)	(1,574,124)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of equipment	-	59,000
Acquisition of exploration and evaluation assets	-	(100,000)
Purchase of short-term investments	(4,163,500)	-
Acquisition of equipment	(6,960)	(91,509)
Net cash used in investing activities	(4,170,460)	(132,509)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	2,860,520	-
Proceeds from flow-through private placements	2,358,327	-
Share issuance costs	(210,139)	-
Lease payments	(84,832)	(67,828)
Loan payments	(36,177)	-
Net cash (used in) provided by financing activities	4,887,699	(67,828)
Change in cash during the year	(1,336,286)	(1,774,461)
Cash, beginning of year	1,394,027	3,168,488
Cash, end of year	$ 57,741	$ 1,394,027
Supplemental cash flow information:		
Recognition of right-of-use asset	$ 155,932	$ 108,823
Expiry of finder's warrants	$ -	$ 210,037
Finder's warrants issued	$ 111,085	$ -
Share issuance costs in accounts payable and accrued liabilities	$ 36,206	$ -
Shares issued for debt	$ -	$ 16,797
Termination of site lease	$ -	$ 158,093
Vehicle acquisition	$ -	$ 91,900
Shares issued for exploration and evaluation assets	$ 65,714	$ 455,464

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

PROSPECT RIDGE RESOURCES CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

	Share capital					
	Number	**Amount**	**Commitment to issue finder's shares**	**Contributed surplus**	**Deficit**	**Total**
Balance, August 31, 2022	50,009,772	$ 11,473,154	$ 328,571	$ 2,057,709	$ (5,798,381)	$ 8,061,053
Shares issued for exploration and evaluation assets	1,892,857	455,464	(65,714)	-	-	389,750
Shares issued for debt	124,419	16,797	-	-	-	16,797
Share-based payments	-	-	-	203,732	-	203,732
Reclass on expiry of broker warrants	-	-	-	(210,037)	210,037	-
Loss for the year	-	-	-	-	(2,230,027)	(2,230,027)
Balance, August 31, 2023	52,027,048	11,945,415	262,857	2,051,404	(7,818,371)	6,441,305
Shares issued for common shares	17,878,250	2,860,520	-	-	-	2,860,520
Shares issued for flow-through common shares	13,101,818	2,358,327	-	-	-	2,358,327
Shares issued for exploration and evaluation assets	142,857	65,714	(65,714)	-	-	-
Share issuance costs	-	(357,430)	-	111,085	-	(246,345)
Share-based payments	-	-	-	137,928	-	137,928
Loss for the year	-	-	-	-	(2,636,123)	(2,636,123)
Balance, August 31, 2024	83,149,973	$ 16,872,546	$ 197,143	$ 2,300,417	$ (10,454,494)	$ 8,915,612

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Prospect Ridge Resources Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on April 6, 2020. The Company is principally engaged in the acquisition and exploration of resource properties. The Company's head office is located at 701 West Georgia St, Suite 1500, Vancouver, BC V7Y 1C6, and its registered and records office is located at 605 Robson Street, Suite 430, Vancouver, BC V6B 5J3. The Company's shares are publicly traded on the Canadian Securities Exchange ("CSE") under the symbol PRR.

The Company is in the process of exploring and evaluating its resource properties and investing in potential new acquisitions and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared in accordance with IFRS Accounting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long term. During the year ended August 31, 2024, the Company completed financings for aggregate gross proceeds of $5,218,847 (Note 10). While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

Recent global issues, including the ongoing COVID-19 pandemic and geopolitical conflict have adversely affected workplaces, economies, supply chains and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of these issues and their effects on the Company's business or results of operations at this time.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation

These financial statements of the Company are presented in Canadian dollars, which is the functional currency. The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. BASIS OF PREPARATION (cont'd…)

Use of Estimate and Judgments

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

Critical accounting estimates

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's options and warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical accounting judgments

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes and estimates of the timing and the possible outflow of economic benefits.

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Loss per share

The Company presents basic and diluted loss per common share at each reporting period. The basic loss per common share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Diluted loss per share excludes all dilutive potential common shares because their effect is anti-dilutive.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Financial instruments

Financial assets

Financial assets are classified as either financial assets at a fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

a) Fair value through profit or loss ("FVTPL") - financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income ("FVTOCI"). Changes in fair value are recognized in profit or loss.

b) Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) The objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

The Company's cash, receivables, refundable tax credit, and reclamation deposits are recorded at amortized cost.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

a) Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

b) Amortized cost: This category includes accounts payable and accrued liabilities, lease liabilities, and loan payable, which are recognized at amortized cost.

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the date of the statement of financial position, and how the entity manages these risks.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Financial instruments (cont'd…)

Financial instrument disclosures (cont'd…)

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Share capital

Share capital issued for consideration other than cash are valued at the fair value of assets received or services rendered. If the fair value of assets received or services rendered cannot be reliably measured, shares issued for consideration will be valued at the quoted market price at the date of issuance.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to contributed surplus. Consideration received for the exercise of warrants is recorded in share capital and the related residual value is transferred from contributed surplus to share capital.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on 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 recorded 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.

Temporary differences are not provided for relating to goodwill that is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 reporting date.

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.

Comprehensive loss

Comprehensive loss consists of loss and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. The loss equals the comprehensive loss for the years presented.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Foreign currency translation

The functional currency of the Company is the Canadian dollar. The reporting currency of the Company is the Canadian dollar. Transactions denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date, while non-monetary assets and liabilities are translated at historical rates. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Any gains or losses resulting from translation have been included in profit or loss.

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 at the statement of financial position date, 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.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures are expensed as incurred until such time as mineral exploration assets are proven or probable, permits to operate the mineral resource property are received and financing to complete development has been obtained. Following confirmation of mineral reserves, receipt of permits to commence mining operations and obtaining necessary financing, exploration and evaluation expenditures are capitalized as deferred development expenditures.

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

Mineral exploration and evaluation expenditures are classified in accordance with IFRS 6.

Equipment

Equipment items are carried at cost less accumulated depreciation and accumulated impairment losses. In the year of acquisition, depreciation is recorded at one-half the normal rate. Depreciation is recognized using the declining balance method at the following annual rates:

Field Equipment	Declining-Balance 20%
Vehicles and Field Accommodations	Declining-Balance 20%
Office Equipment	Declining-Balance 30%

Equipment that is withdrawn from use or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Equipment (cont'd…)

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognized as repairs and maintenance expense.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If 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 profit or loss for the year. 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.

Where 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.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to operations over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to operations over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statement of comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of a valuation model.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Share-based payments (cont'd…)

All equity-based share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the value recognized for unvested options is reversed from reserves and credited to deficit. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Leases

At inception of a contract, the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. the Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

Government grants

British Columbia Mining Tax Credits ("BCMETC") for certain exploration expenditures incurred in British Columbia are treated as a reduction of the exploration costs of the respective mineral properties. If there is significant uncertainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt, otherwise BCMETC amounts are recorded as tax credits receivable.

(Presented in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Recent accounting pronouncements

Effective September 1, 2023, the Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*, which require entities to disclose material accounting policies instead of significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies that provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. While the amendments did not result in any changes to the Company's accounting policies themselves, they impacted the accounting policy information disclosed in the Company's financial statements. The accounting policy information disclosed in Note 3 reflects the Company's material accounting policies.

Effective September 1, 2027, the Company is required to adopt *IFRS 18, Presentation and Disclosure in Financial Statements*, with early adoption permitted. IFRS 18 will replace IAS 1; many of the existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its operating profit or loss, in particular additional defmed subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7, Statement of Cash Flows.

The Company is assessing the potential impact of the application of these standards.

4. RECEIVABLES

	August 31, 2024	August 31, 2023
GST receivable	$ 56,462	$ 21,711
Other receivables	6,318	127
Total	$ 62,780	$ 21,838

5. EQUIPMENT AND RIGHT-OF-USE ASSETS

	Right-of-Use Assets – Office	Right-of-Use Assets - Vehicles	Field Equipment	Vehicles	Drills	Office Equipment	Total
Cost							
Balance, August 31, 2022	$ 213,676	$ 143,009	$ 64,697	$ 159,934	$ 114,153	$ 31,827	$ 727,296
Additions	108,823	-	8,509	174,900	-	-	292,232
Derecognized / disposal	(213,676)	-	-	(69,391)	-	-	(283,067)
Balance, August 31, 2023	$ 108,823	$ 143,009	$ 73,206	$ 265,443	$ 114,153	$ 31,827	$ 736,461
Additions	155,932	-	-	6,960	-	-	162,892
Derecognized / disposal	-	-	(2,500)	-	-	-	(2,500)
Balance, August 31, 2024	$ 264,755	$ 143,009	$ 70,706	$ 272,403	$ 114,153	$ 31,827	$ 896,853

(Presented in Canadian Dollars)

5. EQUIPMENT AND RIGHT-OF-USE ASSETS (cont'd…)

	Right-of-Use Assets – Office	Right-of-Use Assets - Vehicles	Field Equipment	Vehicles	Drills	Office Equipment	Total
Accumulated Depreciation							
Balance, August 31, 2022	$ 42,280	$ 8,250	$ 8,191	$ 27,172	$ 25,208	$ 3,997	$ 115,098
Depreciation	38,995	23,833	12,152	28,035	17,789	8,348	129,152
Disposals	(58,603)	-	-	(20,798)	-	-	(79,401)
Balance, August 31, 2023	22,672	32,083	20,343	34,409	42,997	12,345	164,849
Depreciation	54,411	23,835	10,573	46,323	14,231	5,844	155,217
Disposals	-	-	(1,300)	-	-	-	(1,300)
Balance, August 31, 2024	$ 77,083	$ 55,918	$ 29,616	$ 80,732	$ 57,228	$ 18,189	$ 318,766
As at August 31, 2023	$ 86,151	$ 110,926	$ 52,863	$ 231,034	$ 71,156	$ 19,482	$ 571,612
As at August 31, 2024	$ 187,672	$ 87,091	$ 41,090	$ 191,671	$ 56,925	$ 13,638	$ 578,087

The Company's right-of-use assets relate to the leases on its office premises and vehicles (Note 6).

During the year ended August 31, 2024, the Company acquired vehicles at a cost of $6,960, and wrote off equipment with an aggregate net book value of $1,200 and recognized a corresponding loss of $1,200 in profit or loss.

During the year ended August 31, 2023, the Company also sold vehicles with an aggregate net book value of $48,593 for gross proceeds of $59,000 and recognized a gain of $10,407 in profit or loss.

6. LEASE LIABILITIES

During the year ended August 31, 2023, the Company terminated its office lease and entered into a new office lease. In association with the termination, the Company recognized a decrease of $158,093 to lease liabilities, $155,073 to right-of-use assets, and a corresponding gain on modification of lease liabilities of $3,020 in profit or loss. In association with the new office lease, the Company recognized a $108,823 right-of-use asset and a corresponding increase to lease liabilities.

During the year ended August 31, 2024, the Company extended its office lease, recognizing a $155,932 additional right-of-use asset and a corresponding increase to lease liabilities.

In calculating present values, the Company used an annual discount rate of 10% for office leases and a monthly discount rate of 1.4% for vehicle leases.

The following summarizes the undiscounted minimum lease payments under the lease liabilities as at August 31, 2024:

Fiscal year	Payments
2025	$ 84,830
2026	84,830
2027	84,831
2028	51,237
Amount representing future lease accretion	(26,162)
Lease liabilities as at August 31, 2024	$ 279,566

(Presented in Canadian Dollars)

6. LEASE LIABILITIES (cont'd…)

The following is a reconciliation of the changes in the lease liabilities:

Lease liabilities		August 31, 2024		August 31, 2023
Balance, beginning of period	$	199,767	$	308,462
Additions		155,932		108,823
Derecognized		-		(158,093)
Lease accretion		8,699		8,403
Lease payments		(84,832)		(67,828)
Balance, end of period	$	279,566	$	199,767
Represented as:				
Current portion of lease liabilities	$	67,372	$	77,376
Non-current portion of lease liabilities	$	212,194	$	122,391

7. LOAN PAYABLE

During the year ended August 31, 2023, the Company entered into a financing agreement to acquire a vehicle for a total purchase price of $91,900 (Note 5) at an interest rate of 5.99% per annum for a period of 84 months. During the year ended August 31, 2024, in addition to total monthly payments of $10,677 (2023 - $nil), the Company paid an additional $25,500 in cash towards the loan.

Loan liabilities		August 31, 2024		August 31, 2023
Balance, beginning of period	$	91,900	$	-
Additions		-		91,900
Interest accrued		3,467		-
Payments		(36,177)		-
Balance, end of period	$	59,190	$	91,900
Represented as:				
Current portion of loan liabilities	$	8,317	$	32,710
Non-current portion of loan liabilities	$	50,873	$	59,190

8. EXPLORATION AND EVALUATION ASSETS

Mineral Property Acquisition Costs by Project

		Holy Grail Property		**Knauss Creek Property**		**Total**
Acquisition costs						
Balance, August 31, 2022	$	3,190,000	$	780,000	$	3,970,000
Cash		100,000		-		100,000
Shares		250,000		139,750		389,750
Balance, August 31, 2023, and August 31, 2024	$	3,540,000	$	919,750	$	4,459,750

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Holy Grail Property

On August 26, 2021, the Company entered into an agreement (the "Holy Grail Option Agreement") with Loan Wolf Exploration Ltd. ("Loan Wolf"), whereby the Company had the option to acquire a 100% interest in the Holy Grail Property, including the placer claims comprising the Property, in north of Terrace, B.C.

On January 31, 2023, the Company and Loan Wolf entered into a settlement agreement ("the Holy Grail Settlement Agreement") to supersede the terms of the Holy Grail Option Agreement, whereby the Company finalized its acquisition of 100% of the Holy Grail property. Upon execution of the Holy Grail Settlement Agreement, there are no further payments or commitments with respect to the Holy Grail property.

Concurrently, on January 31, 2023, the Company also entered into a net smelter returns royalty agreement (the "NSR Royalty Agreement"), whereby the original terms of the NSR pursuant to the Holy Grail Option Agreement were amended. Pursuant to the NSR Royalty Agreement, the Holy Grail property is subject to a 3% NSR, comprised of 1.5% payable to Loan Wolf, of which 1% can be purchased by the Company, for $1,000,000, and 1.5% payable to Knauss Creek Mines Ltd. of which 1% can be purchased for $1,000,000. The NSR repurchase is available at any time prior to the date which is 180 days after commencement of commercial production.

Holy Grail Finder's Fees

In connection with the Holy Grail Option Agreement, the Company entered into a finder's fees agreement with Triple K Ventures Ltd., a company related to the Chief Executive Officer, pursuant to which the Company will pay finder's fees of 1,000,000 common shares in the capital of the Company (the "Finder's Shares"), upon the successful closing of the transaction in accordance with the following schedule:

(a) 285,715 Finder's Shares on the date that the Option Agreement is signed;
(issued with a fair value of $131,429)
(b) 142,857 Finder's Shares on the first anniversary of the Option Agreement;
(issued with a fair value of $65,714)
(c) 142,857 Finder's Shares on the second anniversary of the Option Agreement;
(issued with a fair value of $65,714)
(d) 142,857 Finder's Shares on the third anniversary of the Option Agreement;
(issued subsequent to August 31, 2024, with a fair value of $65,714)
(e) 142,857 Finder's Shares on the fourth anniversary of the Option Agreement; and
(f) 142,857 Finder's Shares on the fifth anniversary of the Option Agreement;

On entering into the finder's fee agreement, the Company recorded a commitment to issue finder's shares of $460,000. As at August 31, 2024, the commitment to issue finder's shares has been reduced to $197,143.

Knauss Creek Property

On November 3, 2021, the Company entered an agreement (the "Knauss Creek Agreement") with Loan Wolf and Knauss Creek Mines Ltd. ("Knauss") to acquire a 100% interest in the Knauss Creek Property, for a cash payment of $10,000 (paid), the issuance of 1,200,000 common shares (issued at a total value of $808,000) and incurring total exploration expenditures of $1,000,000 (incurred) on or before October 31, 2023. The Company completed the requirements during the year ended August 31, 2023, accordingly, has acquired 100% of the Knauss Creek Property.

(Presented in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Knauss Creek Property (cont'd…)

On January 31, 2023, the Company entered into the NSR Royalty Agreement, pursuant to which the terms of the NSR on the Knauss Creek Property were amended to the same 3% NSR terms as the Holy Grail Property (as above). The NSR is comprised of 1.5% payable to Loan Wolf, of which 1% can be purchased for $1,000,000, and 1.5% payable to Knauss Creek Mines Ltd. of which 1% can be purchased for $1,000,000. The NSR repurchase is available at any time prior to the date which is 180 days after commencement of commercial production.

The Company has issued an aggregate of 100,000 common shares to Loan Wolf as finder's fees under the Knauss Creek Agreement. No further shares are issuable.

Exploration and evaluation expenditures

Exploration and evaluation expenditures for the period ended August 31, 2024 are detailed below:

	Holy Grail	Knauss Creek	Project Evaluation	Total
Claims	$ 1,463	$ 1,463	$ 928	$ 3,854
Geology	8,737	20,576	-	29,313
Prospection/Geochemistry	366,226	271,516	3,181	640,923
Drilling	3,159	872,188	-	875,347
Technical studies	-	1,264	-	1,264
	$ 379,585	$ 1,167,007	$ 4,109	$ 1,550,701

Exploration and evaluation expenditures for the year ended August 31, 2023 are detailed below:

	Holy Grail	Knauss Creek	Project Evaluation	Total
Claims	$ 6,370	$ 3,770	$ -	$ 10,140
Geology	83,968	53,105	-	137,073
Prospection/Geochemistry	618,359	278,131	1,838	898,328
Drilling	24,039	446,887	-	470,926
Stripping	4,189	-	-	4,189
	$ 736,925	$ 781,893	$ 1,838	$ 1,520,656

As at August 31, 2024, the Company has recorded a BC mineral exploration tax credit ("BC METC") receivable of $546,944 (2023 - $452,605) for expenditures incurred in the years ended August 31, 2024 and 2023. The Company received $566,465 in BC METC refunds during the year ended August 31, 2023, in relation to expenditures incurred in the year ended August 31, 2022.

9. RECLAMATION DEPOSITS

As at August 31, 2024, the Company held $59,500 (2023 - $59,500) in deposits with a financial institution as security for reclamation requirements in relation to the Holy Grail and Knauss Creek properties.

10. SHARE CAPITAL

Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issued Share Capital

2024 Non-flow-through private placement

During the year ended August 31, 2024, the Company closed its non-brokered non-flow-through ("NFT") private placement of $0.16 units announced May 29, 2024 for aggregate proceeds of $2,860,520 (the "NFT Placement") in three tranches:

a) The first tranche consisted of an aggregate of 13,284,500 NFT units for gross proceeds of $2,125,520, each NFT unit comprising one common share and one half of one common share purchase warrant; each whole warrant is exercisable for two years at a price of $0.25 per share. The Company paid cash commissions of $28,515 and issued 189,157 broker warrants exercisable for two years at a price of $0.25 per share, valued at $17,129.

b) The second tranche consisted of an aggregate of 1,681,259 units for gross proceeds of $269,000. The Company paid cash commissions of $560 and issued 3,500 broker warrants at the same terms as the previous tranche, valued at $376.

c) The third and final tranche consisted of an aggregate of 2,912,500 units for gross proceeds of $466,000. The Company paid cash commissions of $11,690 and issued 73,062 broker warrants at the same terms as the previous tranches, valued at $8,894.

Flow-through private placement

During the year ended August 31, 2024, the Company closed its non-brokered flow-through ("FT") private placement of $0.18 units announced June 14, 2024, for aggregate proceeds of $2,358,327 (the "FT Placement") in two tranches:

a) The first tranche consisted of an aggregate of 5,384,377 FT units for gross proceeds of $969,188, each FT unit comprising one FT common share and one half of one common share purchase warrant; each whole warrant is exercisable for two years at a price of $0.30 per share. The Company paid cash commissions of $49,000 and issued 282,021 broker warrants exercisable for two years at a price of $0.30 per share, valued at $28,314.

b) The second and final tranche consisted of an aggregate of 7,717,441 FT units for gross proceeds of $1,389,139. The Company paid cash commissions of $89,111 and issued 495,063 broker warrants exercisable for two years at a price of $0.30 per share, valued at $56,372.

Of the aggregate FT proceeds of $2,358,327, $2,358,314 in expenditures and available income tax benefits will be renounced to the FT shareholders effective December 31, 2024. As of August 31, 2024, $755,677 of the funds had been spent and $1,602,637 remains to be spent.

Other 2024 share issuances

During the year ended August 31, 2024, the Company issued 142,857 Finder's Shares with a fair value of $65,714 on the second anniversary of the Holy Grail Option Agreement (Note 8).

(Presented in Canadian Dollars)

10. SHARE CAPITAL (cont'd…)

Issued Share Capital (cont'd…)

2023 share issuances

During the year ended August 31, 2023, the Company:

a) Issued 700,000 common shares valued at $133,000 and issued 50,000 Finder's shares valued at $6,750 for the Knauss Creek Property option agreement (Note 8).

b) Issued 1,000,000 common shares valued at $250,000 and issued 142,857 Finder's shares valued at $65,714 for the Holy Grail Property option agreement (Note 8).

c) Issued 124,419 common shares valued at $16,797 to settle debt of $24,884, of which $18,400 was owed to related parties (Note 11). Accordingly, the Company recognized a gain on settlement of accounts payable of $8,087.

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of ten years, with the exception of any options extended due to a Blackout Period. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's shares, forfeiture rate, and expected life of the options. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant.

Stock option transactions are summarized as follows:

	Number	Weighted Average Exercise Price
Balance, August 31, 2022	3,675,000	$ 0.50
Granted	1,600,000	0.20
Cancelled	(2,275,000)	0.47
Balance, August 31, 2023	3,000,000	0.20
Granted	1,475,000	0.21
Cancelled	(525,000)	0.20
Balance, August 31, 2024, outstanding	3,950,000	$ 0.20
Balance, August 31, 2024, exercisable	3,475,000	$ 0.20

(Presented in Canadian Dollars)

10. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

During the year ended August 31, 2024, the Company granted 1,475,000 stock options (2023 – 1,600,000). The weighted fair value of options granted during period ended August 31, 2024, was $0.12 (2023 – $0.11). During the year ended August 31, 2023, the Company also modified 1,600,000 stock options with a weighted average fair value at the time of modification of $0.07; as the modified options had a weighted average fair value of $0.11, the Company recognized $56,249 in incremental share-based payments in connection with the modification for the year ended August 31, 2023. Total share-based payments recognized in the statement of loss and comprehensive loss for the year ended August 31, 2024, was $137,928 (2023 - $203,732) for incentive options granted and/or vested in the period. The fair value of options at the date of grant or modification was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	August 31, 2024	**August 31, 2023**
Weighted average share price	$0.184	$0.15
Risk-free interest rate	3.82%	3.57%
Expected life of option	3.37 years	5 years
Expected annualized volatility	125.59%	100%
Expected dividend rate	Nil	Nil

As at August 31, 2024, the following stock options were outstanding:

Number Outstanding	Number and Exercisable		Exercise Price	Expiry Date	Remaining Life (years)
2,000,000	2,000,000	$	0.20	March 1, 2028	3.50
600,000	600,000	$	0.20	March 3, 2028	3.51
75,000	75,000	$	0.20	March 16, 2028	3.54
500,000	500,000	$	0.20	January 5, 2029	4.35
300,000	50,000	$	0.205	May 2, 2026	1.67
300,000	75,000	$	0.20	May 28, 2026	1.74
175,000	175,000	$	0.235	July 30, 2029	4.92
3,950,000	3,475,000	$	0.20		

(Presented in Canadian Dollars)

10. SHARE CAPITAL (cont'd…)

Warrants

Warrant transactions are summarized as follows:

	Number		Weighted Average Exercise Price
Balance, August 31, 2022	9,528,543	$	0.76
Cancelled	(9,528,543)		0.76
Balance, August 31, 2023	-		-
Granted	16,532,833		0.27
Balance, August 31, 2024	16,532,833	$	0.27

During the year ended August 31, 2024, the Company issued:

a) An aggregate of 8,939,125 warrants exercisable at a price of $0.25 for a period of two years pursuant to the NFT Placement; and

b) An aggregate of 265,719 broker warrants exercisable at a price of $0.25 for a period of two years pursuant to the NFT Placement, which were valued at an aggregate fair value of $26,399 using the following weighted-average Black-Scholes assumptions: volatility of 118.42%, expected life of two years, risk-free interest rate of 3.80% and dividend rate of 0%.

c) An aggregate of 6,550,905 warrants exercisable at a price of $0.30 for a period of two years pursuant to the FT Placement; and

d) An aggregate of 777,084 broker warrants exercisable at a price of $0.30 for a period of two years pursuant to the FT Placement, which were valued at an aggregate fair value of $84,686 using the following weighted-average Black-Scholes assumptions: volatility of 119.55%, expected life of two years, risk-free interest rate of 3.74% and dividend rate of 0%.

As at August 31, 2024, the following warrants were outstanding:

Number Outstanding		Exercise Price	Expiry Date	Remaining Life (years)
6,831,407	$	0.25	June 13, 2026	1.78
844,125	$	0.25	July 5, 2026	1.84
2,974,208	$	0.30	July 5, 2026	1.84
1,529,312	$	0.25	July 24, 2026	1.90
4,353,781	$	0.30	July 24, 2026	1.90
16,532,833				

(Presented in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors, corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, Corporate Secretary, and President. Key management personnel payments for the years ended August 31, 2024 and 2023, included:

		2024		**2023**
Directors' fees	$	54,000	$	40,000
Management and consulting fees		200,000		225,000
Exploration related and geological consulting fees		200,000		200,000
Professional fees		120,000		60,000
Share-based payments		70,931		170,352
	$	644,931	$	695,352

As at August 31, 2024, $127,362 (2023 – $70,966) was included in accounts payables and accrued liabilities for amounts owed to related parties.

During the year ended August 31, 2023, the Company issued 74,419 common shares valued at $10,047 to settle debt of $14,884 owing to related parties.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.

The carrying values of cash, refundable tax credits, receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments. The carrying value of the reclamation deposit approximates its carrying value due to the restricted nature of the financial instrument. The carrying values of lease liabilities and loan payable approximate their fair values due to being discounted with rates of interest that approximate market rates.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's receivables consist mainly of tax credit receivables due from the Government of Canada. As at August 31, 2024, the Company's exposure to credit risk is minimal.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2024, the Company had a cash balance of $57,741 and a short-term investment balance of $4,172,510 to settle current liabilities of $1,028,339. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

Market risk

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

a) Interest rate risk

As at August 31, 2024, the Company was not subject to or exposed to significant interest rate risk.

b) Foreign currency risk

The Company's operating costs are primarily in Canadian dollars. As at August 31, 2024, management believes the Company's exposure to foreign currency risk is not significant.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. As at August 31, 2024, the Company was not exposed to any equity or commodity price risks.

13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns and/or benefits for shareholders. The Company considers its shareholders' equity to be its capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the administration of its corporate affairs and to provide funds for the development of its business. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company has no revenue-generating operations and as such is dependent upon external financing to fund activities. In order to develop its business and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the size of the Company.

There were no changes in the Company's approach to capital management during the period ended August 31, 2024. The Company is not subject to externally imposed capital requirements.

(Presented in Canadian Dollars)

14. INCOME TAXES

Following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery.

A reconciliation of income taxes at statutory rates is as follows:

	2024	2023
Loss for the year before income tax	$ (2,636,123)	$ (2,230,027)
Expected income tax (recovery)	$ (712,000)	$ (602,000)
Change in statutory, foreign tax, foreign exchange rates and other	-	6,000
Change in unrecognized deductible temporary differences	484,000	1,213,000
Permanent differences	49,000	60,000
Impact of flow-through shares	236,000	-
Share issuance costs	(57,000)	-
Adjustment to prior years provision versus statutory tax returns	-	(677,000)
Total income tax (recovery)	$ -	$ -

The significant components of the Company's deferred tax assets which have not been set up are as follows:

	2024	2023
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$ 1,475,000	$ 1,368,000
Property and equipment	(5,000)	48,000
Share issue costs	74,000	46,000
Marketable securities	(1,000)	-
Lease liabilities	75,000	-
Non-capital losses available for future period	1,255,000	902,000
	2,873,000	2,364,000
Unrecognized deferred tax assets	(2,873,000)	(2,364,000)
Net deferred tax assets	$ -	$ -

Tax losses carried forward are as follows:

	2024	Expiry date range	2023	Expiry date range
Exploration and evaluation assets	$ 5,463,000	No expiry date	$ 5,065,000	No expiry date
Property and equipment	-	No expiry date	179,000	No expiry date
Share issue costs	274,000	2045-2048	169,000	2043-2046
Lease liabilities	280,000	No expiry date	169,000	2043-2046
Non-capital losses available for future periods	4,627,000	2040-2044	3,341,000	2028-2043

15. SUBSEQUENT EVENT

Subsequent to August 31, 2024, the Company issued 142,857 Finder's Shares on the third anniversary of the Holy Grail Option Agreement with a fair value of $65,714 (Note 8).