MUZHU MINING LTD.

Consolidated Financial Statements

March 31, 2024 and 2023

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Muzhu Mining Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Muzhu Mining Ltd. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the year ended March 31, 2024 and the fifteen month period ended March 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023, and its financial performance and its cash flows for the year ended March 31, 2024 and the fifteen month period ended March 31, 2023 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as at March 31, 2024, the Company had not yet generated revenues and had an accumulated deficit of $2,265,648. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

July 26, 2024

MUZHU MINING LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	As at March 31, 2024	As at March 31, 2023
	$	$
ASSETS		
Current assets		
Cash	77,042	543,668
Accounts receivable (Note 7)	187,700	-
GST receivable	-	38,602
Prepaid expenses	23,742	23,715
	288,484	605,985
Equipment (Note 6)	18,257	-
Exploration and evaluation assets (Note 7)	776,134	724,301
	1,082,875	**1,330,286**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	162,389	155,389
Flow-through share premium liability (Note 8)	43,400	95,000
	205,789	250,389
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	2,489,248	2,298,916
Reserves (Note 4)	653,486	576,447
Subscriptions received in advance (Note 4)	-	65,485
Deficit	(2,265,648)	(1,860,951)
	877,086	1,079,897
	1,082,875	**1,330,286**

Nature of business and going concern (Note 1)
Subsequent events (Note 14)

Approved and authorized for issue on behalf of the Board on July 26, 2024

"Dwayne Yaretz"
Director

"Anthony Tam"
Director

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

MUZHU MINING LTD.

Consolidated Statements of Loss and Comprehensive Loss

For the year ended March 31, 2024 and 15 Month Period Ended March 31, 2023
(Expressed in Canadian dollars)

	2024	2023
	$	$
Expenses		
Advertising and promotion	14,125	110,775
Consulting and directors' fees (Note 5)	155,021	266,618
Depreciation (Note 6)	6,295	-
Filing fees and transfer agent	19,069	22,888
Foreign exchange (gain)/loss	13,877	-
Insurance	16,739	19,073
Office and general	29,816	20,945
Professional fees	77,957	130,759
Property investigation costs / (recovery) (Note 7)	(35,758)	41,089
Share-based compensation (Notes 4 & 5)	-	345,801
Travel, meals, and entertainment	51,934	28,027
Wages and benefits (Note 5)	115,810	65,280
	(464,885)	(1,051,255)
Gain on debt forgiveness	6,963	-
Interest income	1,625	-
Flow-through premium recovery (Note 8)	51,600	52,030
Loss and comprehensive loss	**(404,697)**	**(999,225)**
Loss per share – basic and diluted (Note 12)	**(0.01)**	**(0.04)**
Weighted average number of common shares outstanding – basic and diluted	**35,451,595**	**24,316,758**

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

MUZHU MINING LTD.
Consolidated Statements of Changes in Equity
For the year ended March 31, 2024 and 15 month period ended March 31, 2023
(Expressed in Canadian dollars)

	Common shares		Subscription received in advance	Reserves	Deficit	Total
	#	$	$	$	$	$
Balance, December 31, 2021	**22,328,462**	**1,711,722**	**-**	**8,800**	**(861,726)**	**858,796**
Shares issued under private placement	10,075,417	954,600	-	-	-	954,600
Relative fair value of warrants	-	(207,600)	-	207,600	-	-
Fair value of finders' warrants	-	(14,246)	-	14,246	-	-
Share issue costs	-	(50,560)	-	-	-	(50,560)
Flow through share premium	-	(95,000)	-	-		(95,000)
Subscription received in advance			65,485			65,485
Share-based compensation	-	-	-	345,801	-	345,801
Loss for the period	-	-	-	-	(999,225)	(999,225)
Balance, March 31, 2023	**32,403,879**	**2,298,916**	**65,485**	**576,447**	**(1,860,951)**	**1,079,897**
Shares issued under private placement	3,421,670	273,734	(65,485)	-	-	208,249
Relative fair value of warrants	-	(76,734)	-	76,734	-	-
Fair value of finders' warrants	-	(305)	-	305	-	-
Share issue costs	-	(6,363)	-	-	-	(6,363)
Loss for the year	-	-	-	-	(404,697)	(404,697)
Balance, March 31, 2024	**35,825,549**	**2,489,248**	**-**	**653,486**	**(2,265,648)**	**877,086**

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

MUZHU MINING LTD.
Consolidated Statements of Cash Flows
For the year ended March 31, 2024 and 15 month period ended March 31, 2023
(Expressed in Canadian dollars)

	March 31, 2024	March 31, 2023
	$	$
Cash provided by (used in):		
Operating activities		
Net loss for the period	(404,697)	(999,225)
Items not affecting cash:		
Depreciation	6,295	-
Gain on debt forgiveness	(6,963)	-
Share-based compensation	-	345,801
Flow-through premium recovery	(51,600)	(52,030)
Net Change in non-cash working capital balances related to operations:		
Accounts receivable	(187,700)	-
GST receivable	38,602	(29,235)
Prepaid expenses	(27)	(22,465)
Accounts payable and accrued liabilities	11,573	102,059
	(594,517)	(655,095)
Investing activities		
Purchase of equipment	(24,552)	-
Exploration and evaluation asset additions	(38,193)	(440,870)
	(62,745)	(440,870)
Financing activities		
Shares issued for cash	208,249	954,600
Share issue costs	(17,613)	(39,310)
Subscription received in advance	-	65,485
	190,636	980,775
Net change in cash	(466,626)	(115,190)
Cash, beginning of period	543,668	658,858
Cash, end of period	**77,042**	**543,668**

Supplemental cash flow info:

Non-cash transactions	$	$
Exploration and evaluation assets included in accounts payable	15,125	1,485
Share issue costs in accounts payable	-	11,250
Fair value of finders' warrants	305	14,246

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

NOTE 1 – NATURE OF BUSINESS AND GOING CONCERN

Muzhu Mining Ltd. ("MUZHU" or the "Company") was incorporated under the Business Corporations Act of British Columbia on January 24, 2018. The Company's common shares are listed for trading on the Canadian Securities Exchange. The address of the Company's head office is 240 Sherbrooke Street, Suite 3206, New Westminster, BC, V3L 0A4, Canada and the registered office is 1125 Howe Street, Suite 1400, Vancouver, BC, V6Z 2K8, Canada.

The Company's objective is to seek opportunities in the exploration, development and mining of precious metals properties domestically and/or internationally and currently has exploration property agreements in Canada and China.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. The Company has experienced losses and negative cash flow from operations since incorporation. As at March 31, 2024, the Company had not yet generated revenues and had an accumulated deficit of $2,265,648. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and future profitable production or proceeds from the disposition of its resource property interests. The timing and availability of additional financing will be determined largely by the performance of the Company and market conditions and there is no certainty that the Company will be able to raise funds as they are required in the future.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to reflect these financial statements on a liquidation basis which could differ from accounting principles applicable to a going concern. Such adjustments could be material.

Recent global issues, including the ongoing COVID-19 pandemic and geo-political conflicts 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 this time.

NOTE 2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of measurement and presentation

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

The accounting policies set out in Note 2 have been applied consistently by the Company during the years presented.

The Board of Directors approved these financial statements on July 26, 2024.

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiary. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

NOTE 2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

a) Principles of consolidation (continued)

Name of Subsidiary	Country of Incorporation	Percentage of Ownership	Principal Activity
Luoyang Sow International Mining Company Ltd.	China	100%	Exploration in China

b) Significant accounting judgments and estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgements are choices in accounting policies and disclosures which management believes are supported by facts and circumstances existing at the date of the consolidated financial statements.

The Company's significant estimates and judgements are as follows:

- The provision of deferred income taxes is based on judgements in applying income tax law and estimates about timing, likelihood and reversal of temporary differences between accounting and tax basis of the assets and liabilities.
- Going concern - significant judgments are used in the Company's assessment of its ability to continue as a going concern as described in Note 1.
- Valuation and recoverability of exploration and evaluation assets. 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.
- Valuation of share-based payments – the Company records all share-based payments and warrants using the fair value method. The Company uses the Black-Scholes model to determine the fair value of stock options, warrants and finders' warrants. The main factor affecting the estimates is the stock price expected volatility used.

c) Loss per share

Basic loss per share is calculated using the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. For the years presented, diluted and basic loss per share are the same because the effects of potential issuances of common shares under stock options and warrants would be anti-dilutive.

NOTE 2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

d) 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.

e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – Classification

The Company classifies its financial assets in the following categories:
- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss).
- Those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

Cash and accounts receivable are classified as amortized cost.

Fair value hierarchy

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

Level 1 - Unadjusted quoted prices 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 or indirectly; and
Level 3 - Inputs for the asset or liability that are not based upon observable market data.

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.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

NOTE 2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

e) Financial Instruments (continued)

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest method.

- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

<u>Financial liabilities</u>

The Company classifies its financial liabilities into the following categories:

- Financial liabilities at FVTPL; and
- Amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not designate any financial liabilities at FVTPL. The Company has designated its accounts payable and accrued liabilities as amortized cost.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

f) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item consists of the purchase price, any costs of parts over $5,000 directly attributable to bringing the asset to the condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Any other costs are expensed as incurred.

NOTE 2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

f) Equipment (continued)

The Company amortizes the cost less estimated residual values on a straight-line method over the estimated useful life of the asset. The estimated useful lives of the assets are as follows:

Vehicles	3 years

An asset is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of loss and comprehensive loss.

The Company conducts an annual assessment of the residual balances, useful lives and amortization methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

g) Exploration and evaluation assets

The Company capitalizes costs directly related to the acquisition, exploration and evaluation of exploration and evaluation assets. Such costs include, but are not restricted to, geological, geophysical, drilling, trenching and sampling costs including the support costs and supplies required in relation thereto. These assets are recorded at cost as adjusted for impairments in value. Impairment is assessed when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. In assessing impairment, exploration and evaluation assets are grouped into Cash Generating Units ("CGU's"). Management groups mineral claims that are contiguous and specific to an area that encompasses the same prospective minerals, into one area of interest and assigns a name to this mineral property. Each named mineral property is considered an area of interest and a CGU.

Although not an exhaustive list, one or more of the following facts and circumstances indicate that a specific CGU should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

An impairment loss may be reversed in a situation where there is a change in the circumstances that had initially dictated that impairment had occurred.

Where the Company receives proceeds for a CGU subject to a farm-in option agreements with a third party, the proceeds of any option payments under such agreements are applied to the CGU to the extent of capitalized costs. The excess, if any, is credited to profit or loss. Option payments made by the Company are recorded as exploration and evaluation assets. Options are exercisable entirely at the discretion of the optionee and accordingly, are recorded as exploration and evaluation assets or recoveries when the payments are made or received. The proceeds on the sale of exploration and evaluation assets are applied to the area of interest to the extent of costs incurred and the excess, if any, is credited to profit or loss. In some circumstances option payments received by or made by the Company are made in whole or in part through the issuance of common shares of the optionee. The value of these payments in shares is calculated using the fair value of the shares on the date of issue.

NOTE 2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

h) Rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the rehabilitation of exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with rehabilitation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized rehabilitation costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss. The Company had no measurable rehabilitation obligations for the years presented

i) Impairment

At the end of each reporting period, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of the asset's 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 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate and 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 CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss

j) Leases

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over its lease term. Right-of-use assets are subject to evaluation of potential impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments). The lease payments also include the exercise price of purchase options, if any, reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

NOTE 2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

j) Leases (continued)

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below $5,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

k) Share capital

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Costs related to issuances not completed will be recorded as deferred financing costs if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

The Company has adopted the relative fair value method with respect to the measurement of shares and warrants issued as private placement units. The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis using relative fair values of common shares and warrants. The fair value of common share purchase warrants is determined using the Black-Scholes option pricing model.

l) Share-based payments

The Company accounts for all grants of options to employees, non-employees and directors in accordance with the fair value method for accounting for share-based payments. Share-based payment awards are calculated using the Black-Scholes option pricing model.

Compensation expense is recognized immediately for past services and pro-rata for future services over the option vesting period. A corresponding increase in reserves is recorded when stock options are expensed. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion of share-based payment previously recorded in reserves.

Share-based payment to non-employees, who are not providing similar services to employees, are measured at the grant date by using the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services received cannot be reliably measured, and are recorded at the date the goods or services are received.

Warrants that are issued as payment for agency fee or other transactions costs are accounted for as share-based payments.

m) Foreign currency translation

Applicable to all entities in the group, transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the statement of financial position date. Non-monetary items are translated into Canadian dollars at the exchange rate in effect on the respective transaction dates. Revenues and expenses are translated at average rates for the period, except for amortization, which is translated on the same basis as the related asset. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year.

n) Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTE 2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

n) Income taxes (continued)

Deferred tax is recognized in respect of taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

o) Flow-through share issuances

The Company finances a portion of its exploration activities through the issue of flow-through shares issued pursuant to the Canadian Income Tax Act (“Tax Act”). Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian exploration and development expenses (as defined in the Tax Act).

Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying expenditures to flow-through investors. On issuance, the Company allocates a portion of the subscription proceeds as a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a premium liability. As expenditures are incurred and applied against the Company’s associated flow-through commitment, the premium liability is reduced proportionately, charged as a recovery in profit or loss.

NOTE 3 – ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED:

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact on the company and have been excluded.

IAS 1 - In February 2021, the IASB issued ‘Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023. The amendment was adopted by the Company and does not have a material impact on the Company’s financial position, results of operations or cash flows.

Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024. Management believes that this amendment will not have a material impact on the Company’s present or future financial position, results of operations or cash flows.

IFRS 18 – Presentation and Disclosure in Financial Statements, which will replace IAS 1, aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined 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. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. Management believes that IFRS 18 will likely have a material impact on the Company’s future presentation of consolidated financial statements.

(Expressed in Canadian dollars)

NOTE 4 – SHARE CAPITAL

a) Common shares

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

Fiscal 2024 Transactions:

(i) On May 10, 2023, the Company issued 3,421,670 units at $0.08 per unit, each unit comprises one share and one whole warrant exercisable at $0.12 for a period of two years for gross proceeds of $273,734, of which $65,485 was received on or before March 31, 2023 and recorded in subscriptions received in advance.

Fiscal 2023 Transactions:

(i) On June 29, 2022, the Company issued 2,276,667 units at $0.12 per unit, each unit comprises one share and one half warrant, with each whole warrant exercisable at $0.20 for a period of one year for gross proceeds of $273,200.

(ii) On December 19, 2022, the Company issued 2,500,000 flow through units at $0.085 per unit, each unit comprises one share and one half warrant, with each whole warrant exercisable at $0.12 for a period of two years for gross proceeds of $212,500 with flow through share premium of $50,000.

(iii) On March 24, 2023, the Company issued 3,048,750 units at $0.08 per unit, each unit comprises one share and one whole warrant exercisable at $0.12 for a period of two years for gross proceeds of $243,900.

(iv) On March 30, 2023, the Company issued 2,250,000 flow through units at $0.10 per unit, each unit comprises one share and one whole warrant exercisable at $0.15 for a period of one year for gross proceeds of $225,000 with flow through share premium of $45,000.

b) Stock Options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees, and consultants of the Company. Options granted under the Plan generally have a five-year term and are granted at a price no lower than the market price of the common shares at the time of the grant. The options vest immediately unless otherwise specified. The maximum number of options granted may not exceed 10% of the issued and outstanding shares.

The following table summarizes the stock option activity for the year ended March 31, 2024 and 15 month period ended March 31, 2023:

March 31, 2023	Granted	Exercised	Expired Unexercised	Cancelled	March 31, 2024	Exercise Price	Expiry Date
1,005,000	-	-	-	(605,000)	400,000	$0.14	January 5, 2027
250,000	-	-	-	-	250,000	$0.14	January 5, 2027
250,000	-	-	-	-	250,000	$0.14	February 10, 2027
1,175,000	-	-	-	(325,000)	850,000	$0.10	February 22, 2028
2,680,000	**-**	**-**	**-**	**(930,000)**	**1,750,000**	**$0.12**	

December 31, 2021	Granted	Exercised	Expired Unexercised	Cancelled	March 31, 2023	Exercise Price	Expiry Date
-	1,330,000	-	-	(325,000)	1,005,000	$0.14	January 5, 2027
-	250,000	-	-	-	250,000	$0.14	January 5, 2027
-	250,000	-	-	-	250,000	$0.14	February 10, 2027
-	1,175,000	-	-	-	1,175,000	$0.10	February 22, 2028
-	**3,005,000**	**-**	**-**	**(325,000)**	**2,680,000**	**$0.12**	

(Expressed in Canadian dollars)

NOTE 4 – SHARE CAPITAL (continued)

b) Stock options (continued)

(i) On January 05, 2022, the Company granted 1,330,000 stock options to directors, officers, and consultants of the Company at an exercise price of $0.14. The options expire five years from the date of grant and vested immediately. A fair value of $180,200 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate – 1.42%; expected volatility - 133%); dividend yield - nil; expected life - five years; and share price at date of grant - $0.155.

(ii) On February 10, 2022, the Company granted 250,000 stock options to advisory committee members of the Company at an exercise price of $0.14. The options expire five years from the date of grant and vested immediately. A fair value of $35,000 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate – 1.81%; expected volatility - 132%; dividend yield - nil; expected life - five years; and share price at date of grant - $0.155.

(iii) On April 28, 2022, the Company granted 250,000 stock options to an advisory committee member of the Company at an exercise price of $0.14. The options expire January 5, 2027 and vested immediately. A fair value of $28,800 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate – 2.82%; expected volatility - 131%; dividend yield - nil; expected life – 4.68 years; and share price at date of grant - $0.135.

(iv) On February 24, 2023, the Company granted 1,175,000 stock options to directors, officers, and consultants of the Company at an exercise price of $0.10. The options expire in February 22, 2028 and vested immediately. A fair value of $101,801 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate – 3.59%; expected volatility - 130%; dividend yield - nil; expected life - five years; and share price at date of grant - $0.10.

The following weighted average assumptions were used for calculating the share-based compensation in the year ended March 31, 2024 and 15 month period ended March 31, 2023:

	2024	2023
Stock price volatility	-	131.58%
Risk-free interest rate	-	2.46%
Expected life of options	-	4.97 years
Expected dividend yield	-	0.00%

c) Warrants

Details of warrants activity for the year ended March 31, 2024 and 15 month period ended March 31, 2023 are as follows:

March 31, 2023	Issued	Exercised	Expired	March 31, 2024	Exercise Price	Expiry Date
1,138,333	-	-	(1,138,333)	-	$0.20	June 29, 2023
1,450,000	-	-	-	1,450,000	$0.12	December 19, 2024
3,088,750	-	-	-	3,088,750	$0.12	March 24, 2025
2,407,500	-	-	(2,407,500)	-	$0.15	March 30, 2024
-	3,433,670	-	-	3,433,670	$0.12	May 10, 2025
8,084,583	**3,433,670**	**-**	**(3,545,833)**	**7,972,420**	**$0.12**	

December 31, 2021	Issued	Exercised	Expired	March 31, 2023	Exercise Price	Expiry Date
195,113	-	-	(195,113)	-	$0.17	December 21, 2022
-	1,138,333	-	-	1,138,333	$0.20	June 29, 2023
-	1,450,000	-	-	1,450,000	$0.12	December 19, 2024
-	3,088,750	-	-	3,088,750	$0.12	March 24, 2025
-	2,407,500	-	-	2,407,500	$0.15	March 30, 2024
195,113	**8,084,583**	**-**	**(195,113)**	**8,084,583**	**$0.14**	

(Expressed in Canadian dollars)

NOTE 4 – SHARE CAPITAL (continued)

c) Warrants (continued)

The following weighted average assumptions were used in calculating the fair value of warrants issued in the year ended March 31, 2024 and 15 month period ended March 31, 2023:

	2024	2023
Stock price volatility	100.00%	132.93%
Risk-free interest rate	3.68%	3.16%
Expected life of warrants	2.00 years	1.56 years
Expected dividend yield	0.00%	0.00%

NOTE 5 – RELATED PARTY TRANSACTIONS AND BALANCES

As at March 31, 2024, the Company has a balance due to directors and officers of $69,438 (March 31, 2023 - $33,841).

Directors and Officers were paid an aggregate of $138,727 as directors' fees and consulting fees for year ended March 31, 2024 (2023 - $147,909)

A family member of one of the Directors of the Company was paid $12,000 for consulting fees for year ended March 31, 2024 (2023 – $22,500).

Key management personnel compensation

Key management personnel consist of officers and directors of the Company. Remuneration of key management personnel was $138,727 for the year ended March 31, 2024 (2023: $147,909). Share-based compensation expense for the options granted to key management personnel for the year ended March 31, 2024 was $Nil (2023: $200,476).

NOTE 6 – EQUIPMENT

During the year ended March 31, 2024, the Company purchased a vehicle. The vehicle was purchased for $24,552, with depreciation expense of $6,295 (2023: $Nil) incurred during year ended March 31, 2024. The carrying value of the vehicle as at March 31, 2024 was $18,257 (March 31, 2023 - $Nil).

NOTE 7 - EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation properties were as follows:

	Sleeping Giant South Property	Total
Balance, December 31, 2021	**$ 281,946**	**$ 281,946**
Geology	303,579	303,579
Geophysics	131,737	131,737
Environmental & permitting	7,039	7,039
Balance, March 31, 2023	**724,301**	**724,301**
Drilling	103,572	103,572
Geology	116,946	116,946
Resource tax credit received	(168,685)	(168,685)
Balance, March 31, 2024	**$ 776,134**	**$ 776,134**

NOTE 7 - EXPLORATION AND EVALUATION ASSETS (continued)

LMM Property

Muzhu Mining Ltd. has formed a strategic alliance through its wholly owned subsidiary, Luoyang Sow International Mining Company Ltd., with Luoning County Muzhu Mountain Lead and Silver Mine Company Ltd., within the Luoning county, Henan province of China, which owns a property contiguous to the north of Muzhu Mining's option agreement with the XWG silver property. The parties agreed to explore and develop the Niujuangou Mine area. During the year ended March 31, 2024, the Company paid 800,000 RMB (2023: 200,000 RMB) to a consulting company for property investigative work on the LMM Property, however the work was not completed and a total of 1,000,000 RMB was refundable to the Company (received subsequent to March 31, 2024). Therefore, $187,700 was recorded as accounts receivable as at March 31, 2024 and a property investigation recovery of $35,758 was recorded during the year ended March 31, 2024. During the year ended March 31, 2023, property investigation costs of $39,619 were incurred.

XWG Property

On November 22, 2021, the Company entered into, renewed on November 23, 2022, and amended on November 21, 2023, an option agreement with Lingbao Yida Mining Co., Ltd., (“Lingbao”) a private Chinese company, to acquire an undivided 60% interest in the Xia Wa Gou (XWG) mining property, located in the Province of Henan, People's Republic of China.

Pursuant to the terms of the amended option agreement, the Company is required to:

(a) incur minimum expenditures on the property of not less than an aggregate of $3,000,000 according to the following schedule:

(i) $500,000 on or before November 22, 2024;
(ii) an additional $1,000,000 on or before November 22, 2025;
(iii) an additional $1,500,000 on or before November 22, 2026.

(b) issuing and delivering to Lingbao an aggregate of 3,750,000 common shares according to the following schedule:

(iv) 1,250,000 common shares on or before to February 19, 2024 (the Company is in process of renegotiating the share issuance terms with Lingbao as at March 31, 2024);
(v) 1,000,000 common shares on or before February 20, 2025;
(vi) 1,500,000 common shares on or before November 22, 2026.

Upon earning 60% in the XWG property, the Company can elect to earn in an additional 20% interest upon completion of a valuation report in exchange for cash and/or shares.

During the year ended March 31, 2024, the Company has expensed $Nil (2023 - $1,470) to property investigation costs related to the XWG Property.

Sleeping Giant South Property

On November 10, 2020 the Company entered into a purchase agreement with North American Exploration inc. and Silverwater Capital Corp., private Canadian companies, to acquire a 100% interest in the Sleeping Giant South Property (the “Property”), in the Quevillon Mining Camp in Quebec. The Company has completed the purchase agreement in fiscal 2021.

Pursuant to the terms of the purchase agreement, the Company is required to:

(i) Make a cash payment of $7,888 on or before December 31, 2020 (paid);
(ii) Issue 3,500,000 common shares of the Company on or before December 31, 2020 (issued at value of $175,000); and
(iii) Pay a net smelter returns royalty (“NSR”) equal to 3%.

The Property is subject to:

- an option to purchase one-third of the NSR from North American Exploration Inc. and Silverwater Capital Corp. at any time for the sum of $500,000; and
- North American Exploration Inc. and Silverwater Capital Corp. shall be paid 20% of the proceeds received on the sale of the Property to a third party.

(Expressed in Canadian dollars)

NOTE 8 – FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance, December 31, 2021	**$**	**52,030**
Flow-through premium liability additions		95,000
Settlement of flow-through premium liability to qualifying expenditures		(52,030)
Balance, March 31, 2023		**95,000**
Settlement of flow-through premium liability to qualifying expenditures		(51,600)
Balance, March 31, 2024	**$**	**43,400**

NOTE 9 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates their fair values due to their immediate or short-term maturity.

Management of Risks Arising From Financial Instruments

The Company is exposed to various types of market risks including liquidity risk, credit risk, interest rate risk, political risk, foreign currency fluctuation risk, and commodity price risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

(i) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash or through the issuance of common shares. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year. The Company is exposed to liquidity risk.

(ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable. Cash is held with a major Canadian financial institution in Canada and the Bank of China in China. The Chinese government exercises significant control over China's economic growth by controlling payment of foreign currency-denominated obligations. While management does not believe that there is significant credit risk arising from the concentration of credit risk from the Company's customers, the foreign exchange controls imposed by the Chinese government may have an impact on the Company's cash flows.

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

(iv) Political Risk

The Company has a subsidiary in the People's Republic of China. These operations are potentially subject to a number of political, economic and other risks that may affect the Company's future operations and financial position.

(v) Foreign Currency Fluctuation Risk

The international nature of the Company's operations results in foreign exchange risk. The Company's operating costs and vendors are primarily in Canada and the People's Republic of China. Any fluctuations of the Canadian dollar in relation to the Chinese Yuan may affect the profitability of the Company and the value of the Company's assets and liabilities.

(vi) Commodity Price Risk

The Company's future success is linked to the price of minerals, because the value of mineral resources and the Company's future potential revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

(Expressed in Canadian dollars)

NOTE 10 – SEGMENTED INFORMATION

a) Operating Segment

The Company's operations are primarily directed towards the acquisition of mineral properties and exploration for metals in Canada and the People's Republic of China.

The Company's geographic information as at March 31, 2024 and March 31, 2023 are as follows:

Total Assets		March 31, 2024		March 31, 2023
Canada	$	796,838	$	1,132,404
China		286,037		197,882
Total	$	1,082,875	$	1,330,286

NOTE 11 – CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the year ended March 31, 2024. The Company is not subject to externally imposed capital requirements. The Company may raise additional debt or equity financing in the near future to meet its obligations.

NOTE 12 – LOSS PER SHARE

The calculation of basic loss per share for the year ended March 31, 2024 and the 15 month period ended March 31, 2023 was based on total loss attributable to common shareholders of $404,697 (2023 - $999,225) and a weighted average number of common shares outstanding of 35,451,595 (March 31, 2023 – 24,316,758).

Diluted loss per share equals basic loss per share as all outstanding options and warrants were anti-dilutive for all periods presented.

NOTE 13 – INCOME TAXES

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

		2024		**2023**
Loss for the year	$	(404,697)	$	(999,225)
Expected income tax (recovery)	$	(109,000)	$	(270,000)
Change in statutory, foreign tax, foreign exchange rates and other		15,000		9,000
Permanent differences		(16,000)		79,000
Impact of flow through share		60,000		119,000
Share issue cost		(8,000)		(5,000)
Adjustment to prior years provision versus statutory tax returns and expiry		-		(60,000)
Change in unrecognized deductible temporary differences		58,000		128,000
Total Income tax expense (recovery)	**$**	**-**	**$**	**-**
Current income tax	**$**	**-**	**$**	**-**
Deferred tax recovery	**$**	**-**	**$**	**-**

(Expressed in Canadian dollars)

NOTE 13 – INCOME TAXES (continued)

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		2024		2023
Deferred tax assets (liabilities)				
Share issue costs	$	9,000	$	18,000
Non-capital losses		435,000		368,000
		444,000		386,000
Unrecognized deferred tax assets		(444,000)		(386,000)
Net deferred tax assets	**$**	**-**	**$**	**-**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2024	Expiry Date Range	2023	Expiry Date Range
Temporary Differences	$		$	
Share issue costs	35,000	2044 to 2048	68,000	2043 to 2047
Non-capital losses	1,630,000	2038 to 2044	1,371,000	2038 to 2043
Canada	1,348,000	2038 to 2044	1,244,000	2038 to 2043
China	282,000	2027 to 2028	127,000	2027

NOTE 14 – SUBSEQUENT EVENTS

a) On April 4, 2024, the Company issued 1,450,000 stock options to directors, officers and consultants of the Company, exercisable at $0.05 per share for a period of 5 years.

b) On May 21, 2024, the Company completed a non-brokered private placement by issuing 2,707,500 units at $0.05 per unit for gross proceeds of $135,375. Each unit consists of one common share and one warrant. Each warrant is exercisable for a period of one year at $0.07 per share.