

Prudent Minerals Corp.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Prudent Minerals Corp.

Opinion

We have audited the financial statements of Prudent Minerals Corp. (the "Company"), which comprise the statements of financial position as at February 28, 2023 and February 28, 2022 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023 and February 28, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty 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 period. 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. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

manner that achieves fair presentation.

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

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.

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

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
June 16, 2023**

PRUDENT MINERALS CORP.

STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

As at	Note	February 28, 2023	February 28, 2022
Current assets			
Cash and cash equivalents		\$ 828,252	\$ 1,208,794
Receivables	4	73,516	8,761
Total current assets		901,768	1,217,555
Exploration and evaluation asset	5	389,790	343,375
Long term deposit		-	24,000
Total assets		\$ 1,291,558	\$ 1,584,930
Current Liabilities			
Accounts payable and accrued liabilities	7	\$ 249,396	\$ 48,701
Shareholders' equity			
Share capital	6	1,815,392	1,815,392
Share-based payments reserve	6	202,532	-
Accumulated deficit		(975,762)	(279,163)
Total shareholders' equity		1,042,162	1,536,229
Total liabilities and shareholders' equity		\$ 1,291,558	\$ 1,584,930

Nature of operations and going concern (note 1)

Subsequent event (note 11)

Approved and authorized for issue on behalf of the Board on June 16, 2023.

"Alexander Helmel"

Alexander Helmel

"Adrian Smith"

Adrian Smith

The accompanying notes are an integral part of these financial statements

PRUDENT MINERALS CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Year ended	
	February 28, 2023	February 28, 2022
Operating Expenses		
Audit and accounting	\$ 52,073	\$ 17,900
Legal fees	40,659	139,984
Consulting fees	101,154	93,250
Management fees (note 7)	108,000	-
Marketing	12,265	-
Office expenses	30,178	2,387
Property investigation	135,165	-
Regulatory and filing fees	35,072	5,259
Share-based compensation (notes 6 and 7)	202,532	-
	(717,098)	(258,780)
Other Item		
Interest income	20,499	-
Loss and comprehensive loss for the year	\$ (696,599)	\$ (258,780)
Net loss per share – basic and diluted	\$ (0.03)	\$ (0.01)
Weighted average number of shares outstanding	24,927,000	22,048,121

The accompanying notes are an integral part of these financial statements

PRUDENT MINERALS CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Common Shares		Subscription Received	Reserves			Shareholders' Equity
	Number of Shares	Amount		Options and RSUs	Warrants	Deficit	
Balance at February 28, 2021	20,400,000	\$ 1,380,000	\$ 30,000	\$ -	\$ -	\$ (20,383)	\$ 1,389,617
Shares issued for cash (note 6)	4,117,000	411,700	(30,000)	-	-	-	381,700
Special warrants, net of issuance costs (note 6)	-	-	-	-	23,692	-	23,692
Special warrants and compensation warrants converted to shares (note 6)	410,000	23,692	-	-	(23,692)	-	-
Net loss for the year	-	-	-	-	-	(258,780)	(258,780)
Balance at February 28, 2022	24,927,000	\$ 1,815,392	\$ -	\$ -	\$ -	\$ (279,163)	\$ 1,536,229

	Common Shares		Subscription Received	Reserves			Shareholders' Equity
	Number of Shares	Amount		Options and RSUs	Warrants	Deficit	
Balance at February 28, 2022	24,927,000	\$ 1,815,392	\$ -	\$ -	\$ -	\$ (279,163)	\$ 1,536,229
Share-based compensation (note 6)	-	-	-	202,532	-	-	202,532
Net loss for the year	-	-	-	-	-	(696,599)	(696,599)
Balance at February 28, 2023	24,927,000	\$ 1,815,392	\$ -	\$ 202,532	\$ -	\$ (975,762)	\$ 1,042,162

The accompanying notes are an integral part of these financial statements

PRUDENT MINERALS CORP.

STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

	Year ended	
	February 28, 2023	February 28, 2022
Cash provided by (used in)		
Operating activities		
Net loss	\$ (696,599)	\$ (258,780)
Items not affecting cash:		
Share-based compensation	202,532	-
Changes in non-cash working capital items:		
Change in receivables	(64,755)	(8,761)
Change in prepaid expenses	-	5,000
Change in accounts payable and accrued liabilities	198,533	27,183
	(360,289)	(235,358)
Investing Activities		
Exploration and evaluation assets	(20,253)	(63,500)
Payment for long term deposit	-	(24,000)
	(20,253)	(87,500)
Financing Activities		
Shares issued for cash	-	405,392
	-	405,392
Change in cash and cash equivalents	(380,542)	82,534
Cash and cash equivalents - beginning of year	1,208,794	1,126,260
Cash and cash equivalents - end of year	\$ 828,252	\$ 1,208,794
Supplemental cash disclosures		
Cash	\$ 78,252	\$ 263,794
Cash equivalents (Cashable GIC)	750,000	945,000
	\$ 828,252	\$ 1,208,794
Interest received (paid)	\$ 9,139	\$ -
Income taxes received (paid)	\$ -	\$ -
Non-cash investing and financing activities		
Accounts payable and accrued liabilities related to exploration and evaluation assets	\$ 2,162	\$ -

The accompanying notes are an integral part of these financial statements

PRUDENT MINERALS CORP.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended February 28, 2023 and 2022

1. INCORPORATION AND NATURE OF BUSINESS

Prudent Minerals Corp. (the "Company") was incorporated under the Business Corporation Act (BC) on December 29, 2017. The Company changed its name from Cesar Minerals Corp. to Prudent Minerals Corp. on May 7, 2021. The registered office is located at Suite 1120 – 625 Howe Street, Vancouver, BC, V6C 2T6. The head office is located at Suite 830 - 1100 Melville Street, Vancouver, BC, V6E 4A6. As at April 19, 2022, the Company's shares started to trade on the Canadian Securities Exchange (the "CSE") under the symbol "PRUD".

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at February 28, 2023, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time.

The Company's financial condition and results of operations may be further negatively affected by economic and other consequences from the conflict in the Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the pandemic and the conflict in Ukraine to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. These factors, among others, could have a significant impact on the Company's operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

During the year ended February 28, 2023, the Company incurred a loss of \$696,599 (2022: \$258,780) and as at February 28, 2023 had an accumulated deficit of \$975,762 (2022: \$279,163), which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of Compliance

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

Basis of Preparation

The financial statements are presented in Canadian dollars ("CAD"), which is the Company's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments held in the form of money market investments and certificates of deposit with investment terms that allow for penalty free redemption after one month.

PRUDENT MINERALS CORP.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended February 28, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Loss Per Share

Basic earnings loss per common share is determined by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding shares in escrow. Diluted loss per common share is calculated in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding.

Financial Instruments

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company has implemented the following classifications:

Cash and cash equivalents is classified as assets at fair value through profit or loss and any period change in fair value is recorded in profit or loss.

Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit or loss or other comprehensive income (irrevocable election at the time of recognition).

PRUDENT MINERALS CORP.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended February 28, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Financial Instruments (Continued)

Measurement (Continued)

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash and cash equivalents is a level 1 financial instrument measured at fair value on the statement of financial position.

Exploration and evaluation asset

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized using the units of production method over estimated recoverable reserves.

Management annually assesses the carrying values of non producing properties and the properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If proceeds exceed costs, the excess proceeds are reported as a gain.

PRUDENT MINERALS CORP.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended February 28, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Share based payments

Share based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share based payments to non employees are measured at 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 cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payments reserve.

Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in profit or loss.

Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units of production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

PRUDENT MINERALS CORP.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended February 28, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Decommissioning, restoration and similar liabilities (Continued)

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

Share Issuance Costs

Share issuance costs relate to expenditures incurred in connection with the Company's share issuance and are charged against share capital.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Restricted Share Units

The Company measures the cost of equity-settled share-based transactions by reference to the fair value of the equity instruments at the date at which they are granted. For restricted share units ("RSU's"), the fair value of the grant is determined by multiplying the Company's share price at grant date by the number of RSU's granted. The resulting fair value of the RSU's is then adjusted for an estimated forfeiture rate which is determined based on historical data and is recognized over the vesting period in profit or loss and share-based payments reserve. Actual number of RSU's that will eventually vest is likely to be different from estimation.

New Accounting Policies and amendments to be adopted

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on

PRUDENT MINERALS CORP.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended February 28, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

applying materiality to accounting policy disclosures. These amendments are effective for reporting periods beginning on or after January 1, 2023.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

The Company has not yet determined the impact of these amendments on its future financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

The Company has no significant accounting estimate.

Significant accounting judgments

- i. the evaluation of the Company's ability to continue as a going concern;
- ii. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write down of the mineral property where applicable.

4. RECEIVABLES

	February 28, 2023	2022
	\$	\$
GST receivable	28,044	8,761
Other receivables (Note 7)	45,472	-
	73,516	8,761

PRUDENT MINERALS CORP.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended February 28, 2023 and 2022

5. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Balance, February 28, 2021	172,500	107,375	279,875
Additions	-	63,500	63,500
Balance, February 28, 2022	172,500	170,875	343,375
Additions	-	46,415	46,415
Balance, February 28, 2023	172,500	217,290	389,790

SAT Property

Pursuant to an amended and restated option agreement (the "Option Agreement") dated June 30, 2021 but effective as of November 30, 2020 (the "Effective Date") between Piotr Lutynski ("Lutynski"), Divitiae Resources Ltd. ("Divitiae") and Mardu Investments Ltd. ("Mardu") (collectively, the "Optionors") and the Company, the Company acquired the right to earn (the "SAT Option") an undivided one hundred percent interest in the SAT Property. SAT Property is located in BC, Canada. The interest is subject to a 2% net smelter return royalty (the "Royalty Interest") payable to the Optionors, allocated as follows: 1% to Lutynski and 1% to Divitiae.

Adrian A. Smith, a director of the Company, is the principal of Divitiae and Brett R. Match, the President and CEO of the Company, is the principal of Mardu. The terms of the Option Agreement provide that the Company will have earned a 100% undivided interest in the SAT Property, subject only to the Royalty Interest, upon making cash payments of \$160,000 to the Optionors (\$90,000 allocated to Lutynski and \$70,000 allocated to Divitiae), issuing a total of 2,250,000 Common Shares to the Optionors (2,000,000 Common Shares allocated to Mardu and 250,000 Common Shares allocated to Divitiae) and incurring \$200,000 in exploration work on the SAT Property on or before the dates set out below:

Date	Cash payments	Number of common shares to be issued	Expenditures
	\$		\$
On Effective Date (paid)	60,000	-	-
Within 15 days of the Effective Date (issued)	-	2,250,000	-
On or before first anniversary of the Effective Date (completed)	-	-	100,000
On or before third anniversary of the Effective date	100,000	-	100,000
Total	160,000	2,250,000	200,000

6. SHARE CAPITAL

Authorized: Unlimited number of common shares

- a) Issued and outstanding as at February 28, 2023: 24,927,000 common shares (2022 – 24,927,000).

PRUDENT MINERALS CORP.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended February 28, 2023 and 2022

6. SHARE CAPITAL (CONTINUED)

During the year ended February 28, 2023, the Company had the following share capital transactions:

None during the year.

During the year ended February 28, 2022, the Company had the following share capital transactions:

On November 22, 2021, the Company completed a private placement of 3,317,000 common shares at \$0.10 per share for gross proceeds of \$331,700.

On March 23, 2021, the Company completed a private placement of 800,000 common shares at \$0.10 per share for gross proceeds of \$80,000 of which \$30,000 was received during the year ended February 28, 2021.

On February 23, 2022, the Company issued 410,000 shares in connection with the conversion of all Special Warrants and Compensation Special Warrants.

b) Warrants:

On April 2, 2021, the Company issued an aggregate of 260,000 Special Warrants at a price of \$0.10 per Special Warrant for gross proceeds of \$26,000. The Company incurred \$2,308 issuance costs, and issued 150,000 Compensation Special Warrants.

Each Special Warrant entitles the holder to acquire, without further payment, one Qualified Share and will automatically convert on a one to one basis (i) at any time, at the discretion of the Company; or (ii) upon the issuance by a Canadian securities regulatory authority of a receipt for a final prospectus qualifying the issuance of the common shares upon conversion of the Special Warrants (the "Qualification Date"); or (iii) on that date that is 18 months plus a day from the date of issuance of the Special Warrants.

Each Compensation Special Warrant entitles the holder to acquire, without further payment, one Qualified Compensation Share and will automatically convert on a one to one basis (i) at any time, at the discretion of the Company; or (ii) the Qualification Date; or (iii) on that date that is 18 months plus a day from the date of issuance of the Special Compensation Warrants.

On February 23, 2022, the Company elected to convert all Special Warrants and Compensation Special Warrants into Common Shares.

c) Options:

The Company has no options outstanding.

d) Restricted Share Units:

On June 27, 2022, the Company adopted a 10% rolling restricted share unit plan whereby the Company may issue up to 10% of its issued capital as restricted share units to eligible directors and officers. The restricted share unit plan was ratified by the shareholders of the Company at the Company's annual general meeting held on October 11, 2022. Upon vesting, the awardees of the RSU's will receive one common share of the Company for each RSU held. The only performance condition is the lapse of time and the awardees remain in the Company's employment for the specified period.

PRUDENT MINERALS CORP.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended February 28, 2023 and 2022

6. SHARE CAPITAL (CONTINUED)

d) Restricted Share Units (Continued):

On June 27, 2022, the Company granted an aggregate 2.4 million restricted share units to officers and directors of the Company. The restricted share units vest over a period of three years from the date of grant.

Number of RSU's	Fair Value per RSU (\$)	First Vesting Date	Vesting Criteria
2,400,000	\$0.205	June 27, 2023	33% every year

A summary of the Company's RSU's is as follows:

	RSU's outstanding
Balance, February 28, 2022 and 2021	-
Granted	2,400,000
Vested and issued	-
Balance, February 28, 2023	2,400,000

The Company recorded \$202,532 of share-based compensation on the graded vesting schedule of the granted RSU's during the year ended February 28, 2023.

e) Escrow shares:

Pursuant to the escrow agreement (the "Escrow Agreement") dated July 5, 2021, 6,500,000 common shares held by the principals of the Company will be escrowed. The Escrow Agreement provides that ten (10%) percent of such securities will be released from escrow upon receipt of notice from the Canadian Securities Exchange (the "CSE") confirming the listing of the Company's Common Shares on the CSE, with the remaining 90% being released in 15% tranches every six months thereafter.

As at February 28, 2023, 4,875,000 common shares were held in escrow.

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

On November 30, 2020, the Company optioned the SAT project in British Columbia with Piotr Lutynski, Divitiae and Mardu. See Note 5 for cash payment made to and shares issued to Divitiae and Mardu.

During the years ended February 28, 2023 and 2022, the following remuneration was paid to key management personnel:

	2023	2022
Management fees	\$ 108,000	\$ -
Share-based compensation	194,094	-
	\$ 302,094	\$ -

PRUDENT MINERALS CORP.

NOTES TO FINANCIAL STATEMENTS

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For the years ended February 28, 2023 and 2022

7. RELATED PARTY TRANSACTIONS (CONTINUED)

As at February 28, 2023, \$113,400 (February 28, 2022: \$Nil) was owed to related parties and included in accounts payable. All amounts payable are non-interest bearing, unsecured and due on demand.

At February 28, 2023, the Company was due \$34,112 (USD \$24,950) (February 28, 2022: \$Nil) from a company with the same key management that are considered closely related. The amount is recorded as other receivable (Note 4) on the statement of financial position, bears no interest and is payable on demand.

8. CAPITAL MANAGEMENT OBJECTIVE AND POLICIES

The Company includes equity, comprised of issued common shares, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions and to fund the exploration of its current projects. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended February 28, 2023. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs and to meet the Company's liabilities. As at February 28, 2023, the Company had cash and cash equivalents of \$828,252 (February 28, 2022: \$1,208,794). As at February 28, 2023, the Company had accounts payable and accrued liabilities of \$249,396 (February 28, 2022: \$48,701) which are due within one year.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

PRUDENT MINERALS CORP.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended February 28, 2023 and 2022

9. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The Company is not exposed to significant interest rate risk.

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. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. The Company's maximum exposure to credit risk would be the book value of cash and cash equivalents. To minimize the credit risk, the Company places these instruments with a high credit quality financial institution.

Fair Values

As at February 28, 2023, the Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. Cash and cash equivalents is carried at fair value using a Level 1 fair value measurement. The carrying value of accounts payable and accrued liabilities approximate its fair value because of the short-term nature of the instruments.

10. INCOME TAXES

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

	Year ended February 28, 2023	Year ended February 28, 2022
Loss for the year	\$ (696,599)	\$ (258,780)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(188,082)	(69,871)
Non-deductible items	720	-
Tax benefits not recognized	187,362	69,871
Income tax recovery	\$ -	\$ -

PRUDENT MINERALS CORP.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended February 28, 2023 and 2022

10. INCOME TAXES (CONTINUED)

The Company has the following deductible temporary differences as at:

	February 28, 2023	Expiry	February 28, 2022	Expiry
Non-capital loss carry-forwards	\$ 769,000	2040 - 2043	\$ 279,000	2040 - 2042
Deferred compensation	203,000	2044 – 2046	-	N/A
Share issue cost	1,000	2044 – 2046	-	N/A
	\$ 973,000		\$ 279,000	

11. SUBSEQUENT EVENT

On December 30, 2022, the Company entered into definitive share exchange agreement (“Share Exchange Agreement”) with the shareholders of Berlin Precious Metals Corp. (“Berlin”). Pursuant to the terms of the Share Exchange Agreement, the Company will exchange 8,000,000 common shares of the Company and 8,000,000 common share purchase warrants in exchange for all of the issued and outstanding common shares of Berlin. Each purchase warrant will allow its holder to acquire one common share of the Company for \$0.50 per share for a period of five years. To date, the transaction is not yet completed.