

Prudent Minerals Corp.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED NOVEMBER 30, 2023 AND 2022

(Expressed in Canadian Dollars - unaudited)

Notice of No Auditor Review of Interim Financial Statements

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

The accompanying unaudited consolidated interim financial statements of the Company for the nine months ended November 30, 2023, have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these consolidated interim financial statements.

PRUDENT MINERALS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars - unaudited)

As at	Note	November 30, 2023	February 28, 2023
Current assets			
Cash		\$ 499,639	\$ 828,252
Receivables	4	75,185	73,516
Total current assets		574,824	901,768
Exploration and evaluation asset	6	2,041,535	389,790
Total assets		\$ 2,616,359	\$ 1,291,558
Current Liabilities			
Accounts payable and accrued liabilities	8	\$ 421,130	\$ 249,396
Loan payable	5	252,740	-
Total liabilities		673,870	249,396
Shareholders' equity			
Share capital	7	2,379,392	1,815,392
Share-based payments reserve	7,8	358,846	202,532
Warrant reserve	7	553,600	-
Accumulated deficit		(1,349,349)	(975,762)
Total shareholders' equity		1,942,489	1,042,162
Total liabilities and shareholders' equity		\$ 2,616,359	\$ 1,291,558

Nature of operations and going concern (note 1)

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

“Alexander Helmel”

Alexander Helmel

“Adrian Smith”

Adrian Smith

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

PRUDENT MINERALS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars - unaudited)

	Three Months ended November 30,		Nine months ended November 30,	
	2023	2022	2023	2022
Operating Expenses				
Audit and accounting	\$ (17,400)	\$ 15,000	\$ 12,350	\$ 52,073
Legal fees	-	482	873	40,919
Consulting fees	19,770	14,518	79,858	28,000
Management fees	36,000	36,000	108,000	72,000
Marketing	-	-	1,045	11,280
Office expenses	8,782	8,733	16,693	7,793
Property investigation	-	98,012	-	125,185
Regulatory and filing Fees	4,376	6,253	16,296	30,951
Share based compensation	34,032	74,920	156,314	128,435
	(85,560)	(253,918)	(391,429)	(496,636)
Other Item				
Interest income	28,945	-	17,842	-
Loss and comprehensive loss for the period	\$ (56,615)	\$ (253,918)	\$ (373,587)	\$ (496,636)
Net loss per share – basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding	32,927,000	24,927,000	32,927,000	24,927,000

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

PRUDENT MINERALS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars - unaudited)

	Common Shares		Reserves		Deficit	Shareholders' Equity (Deficiency)
	Number of Shares	Amount	Options and RSUs	Warrants		
Balance at February 28, 2022	24,927,000	\$ 1,815,392	-	\$ -	(279,163)	\$ 1,536,229
Share-based compensation (note 7)	-	-	128,435	-	-	128,435
Net loss for the period	-	-	-	-	(496,636)	(496,636)
Balance at November 30, 2022	24,927,000	\$ 1,815,392	128,435	\$ -	(775,799)	\$ 1,168,028

	Common Shares		Reserves		Deficit	Shareholders' Equity (Deficiency)
	Number of Shares	Amount	Options and RSUs	Warrants		
Balance at February 28, 2023	24,927,000	\$ 1,815,392	202,532	\$ -	(975,762)	\$ 1,042,162
Shares issued for cash (note 7)	-	-	-	-	-	-
Shares issued for acquisition (notes 6,7)	8,000,000	560,000	-	553,600	-	1,113,600
Shares issued for property option (notes 6,7)	100,000	4,000	-	-	-	4,000
Share-based compensation (notes 7,8)	-	-	156,314	-	-	156,314
Net loss for the period	-	-	-	-	(373,587)	(373,587)
Balance at November 30, 2023	33,027,000	\$ 2,379,392	358,846	\$ 553,600	(1,349,349)	\$ 1,942,489

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

PRUDENT MINERALS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars - unaudited)

	Nine months ended	
	November 30,	November 30,
	2023	2022
Cash provided by (used in)		
Operating activities		
Net loss	\$ (373,587)	\$ (496,636)
Items not affecting cash:		
Share-based compensation	156,314	128,435
Note receivable	(137,498)	-
Changes in non-cash working capital items:		
Change Accounts receivable	(1,210)	(50,133)
Change in prepaid expenses	-	(78,000)
Change in accounts payable and accrued liabilities	156,447	196,365
	(199,534)	(299,969)
Financing Activities		
Loan repayment	(120,000)	-
	(120,000)	-
Investing Activities		
Exploration and evaluation assets	(13,191)	(19,105)
Acquisition of Berlin	4,112	-
	(9,079)	(19,105)
Change in cash	(328,613)	(319,074)
Cash beginning of year	828,252	1,208,794
Cash end of period	\$ 499,639	\$ 889,720
Supplemental cash disclosures		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-cash investing and financing activities		
Accounts payable and accrued liabilities related to exploration and evaluation assets	\$ 127	\$ -
Shares issued for acquisition	\$ 560,000	\$ -
Shares issued for exploration and evaluation assets	\$ 4,000	\$ -

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

PRUDENT MINERALS CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - unaudited)

For the nine months ended November 30, 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 November 30, 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 nine months ended November 30, 2023, the Company incurred a loss of \$373,587 (2022: \$496,636) and as at November 30, 2023 had an accumulated deficit of \$1,349,349 (February 28, 2023: \$975,762), 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

These condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of condensed consolidated financial statements, including International Accounting Standards (“IAS”), Interim Financial Reporting (“IAS 34”).

This financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the years ended February 28, 2023 and 2022.

The accounting policies applied in these condensed consolidated financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended February 28, 2023. The Company’s interim results are not necessarily indicative of its results for a full year.

PRUDENT MINERALS CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - unaudited)

For the nine months ended November 30, 2023 and 2022

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

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.

Consolidation

These condensed consolidated financial statements include the accounts of the Company and its controlled entities. These condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Berlin Precious Metals Corp. ("Berlin"). Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

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 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 consolidated financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed consolidated 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 condensed consolidated 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.

PRUDENT MINERALS CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - unaudited)

For the nine months ended November 30, 2023 and 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

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 estimates.

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

	November 30, 2023	February 28, 2023
	\$	\$
GST receivable	40,613	28,044
Other receivables (Note 8)	34,572	45,472
	75,185	73,516

5. LOAN PAYABLE

Berlin Precious Metals Corp., the wholly owned subsidiary of the Company (Note 6), has an unsecured note payable with a third party, bearing zero interest and payable on demand. On the acquisition of Berlin, the principal of the note payable was \$372,740. During the nine months ended November 30, 2023, Berlin made a payment in the amount of \$120,000 against the principal. On November 30, 2023, the balance of the principal is \$252,740.

6. EXPLORATION AND EVALUATION ASSET

	SAT	ABE	Total
	\$	\$	\$
Balance, February 28, 2022	343,375	-	343,375
Exploration costs	46,415	-	46,415
Balance, February 28, 2023	389,790	-	389,790
Property acquisition costs	14,000	1,636,889	1,650,889
Exploration costs	856	-	856
Balance, November 30, 2023	404,646	1,636,889	2,041,535

PRUDENT MINERALS CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - unaudited)

For the nine months ended November 30, 2023 and 2022

6. EXPLORATION AND EVALUATION ASSET (CONTINUED)

SAT Project

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 Project. SAT 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. On November 20, 2023, the Company entered into an amendment to the Option Agreement. The terms of the amended Option Agreement provide that the Company will have earned a 100% undivided interest in the SAT Project, 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 2,350,000 Common Shares to the Optionors (2,000,000 Common Shares allocated to Mardu and 250,000 Common Shares allocated to Divitiae, 100,000 shares as consideration for amendment (Note 6)) and incurring \$200,000 in exploration work on the SAT Project 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 (paid, issued, completed)	10,000	100,000	100,000
On or before November 30, 2024	90,000	-	-
Total	160,000	2,350,000	200,000

ABE Gold Project

On July 5, 2023 (the "Closing Date"), the Company acquired all of the issued and outstanding shares of Berlin Precious Metals Corp. ("Berlin") by issuing 8,000,000 common shares of the Company and 8,000,000 share purchase warrants (exercisable at \$0.50 for a period of five years) to the shareholders of Berlin (see note 7). Berlin holds the right to earn up to a 100% interest in the ABE Gold Project by making aggregate cash payments of USD 1,900,000 over four years or USD 1,600,000 over one year. The cash payment timelines do not commence until the ARE-283 mining concession registration is formally approved by the Colombian National Registry, which has not yet occurred to date. The interest is subject to a 2% net smelter return royalty.

The ABE Gold properties, located in NW Colombia, covers the long-active Purimac gold mine and six historic mines named El Chorro, Fonda, Cafetal, Tono, Rojas and La Quiebra. The properties lie in the Antioquia Department, 70 km south of Medellin and 7.6 km south of the town of Abejorral. The ABE Gold properties consist of exclusive rights to earn 100 per cent of 110ha ARE-283 special reserve area and six adjacent mining concession applications covering 3,140ha.

PRUDENT MINERALS CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - unaudited)

For the nine months ended November 30, 2023 and 2022

6. EXPLORATION AND EVALUATION ASSET (CONTINUED)

The Acquisition of Berlin (ABE Gold Project) has been treated as an asset acquisition resulting in capitalization of the consideration and other related costs. The purchase price consideration was allocated as follows:

		Berlin
Fair Value of consideration	\$	1,113,600
ABE Gold Project		1,636,888
Net assets acquired		(523,288)
	\$	1,113,600

7. SHARE CAPITAL

Authorized: Unlimited number of common shares

- a) Issued and outstanding as at November 30, 2023: 33,027,000 common shares (February 28, 2023 – 24,927,000).

During the nine months ended November 30, 2023, the Company had the following share capital transactions:

On November 30, 2023, the Company issued 100,000 common shares with a fair value of \$4,000 in relation to the amendment of the SAT Property option agreement.

On July 5, 2023 (the "Closing Date"), the Company issued 8,000,000 common shares (with a fair value of \$560,000) and 8,000,000 common share purchase warrants (with a fair value of \$553,600) as the consideration for the Berlin acquisition (Note 6). The common shares and the shares that would be issued from the exercise of the share purchase warrants are subject to a voluntary release schedule as follows: an initial 25% of the shares released 24 months after the Closing Date, a further 25% to be released 36 months after the Closing Date, a further 25% to be released after 48 months after the Closing Date, and the final 25% to be released 60 months after the Closing Date. Each share purchase warrant is exercisable for one common share of the Company for a period of five years at an exercise price of \$0.50 per common share. The fair value of the share purchase warrants was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free rate of 3.85%; Expected life of 5 years; Expected volatility of 252% and dividend yield of \$Nil.

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

None during the year.

PRUDENT MINERALS CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - unaudited)

For the nine months ended November 30, 2023 and 2022

7. SHARE CAPITAL (CONTINUED)

b) Warrants:

The continuity schedule of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price (\$)
Balance, February 28, 2022 and 2023	-	-
Issued	8,000,000	0.50
Balance, November 30, 2023	8,000,000	0.50

The following table details the warrants outstanding and exercisable at November 30, 2023:

Expiry Date	Warrants outstanding			Warrants exercisable	
	Exercise Price	Warrants	Remaining Contractual Life (years)	Warrants	Exercise Price
	\$	#		#	\$
July 5, 2028	0.50	8,000,000	4.60	-	-

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, upon settlement, 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.

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

PRUDENT MINERALS CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - unaudited)

For the nine months ended November 30, 2023 and 2022

7. SHARE CAPITAL (CONTINUED)

d) Restricted Share Units:

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

	RSU's outstanding
Balance, February 28, 2022	-
Granted	2,400,000
Vested and settled *	-
Balance, February 28, 2023 and November 30, 2023	2,400,000

* Awardees must submit a settlement to receive the common shares associated with the vested RSU's. As at November 30, 2023, 800,000 RSU's had vested and none had been settled.

The Company recorded \$156,314 of share-based compensation on the graded vesting schedule of the granted RSU's during the nine months ended November 30, 2023 (2022: \$128,435).

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 November 30, 2023, 2,925,000 common shares (February 28, 2023 - 4,875,000) were held in escrow.

The transaction securities associated with the Berlin acquisition (see note 6 and 7(a) above) are subject to a voluntary release schedule as follows: 25 per cent of the transaction securities released 24 months after closing, 25 per cent to be released 36 months after closing, 25 per cent to be released 48 months after closing and 25 per cent to be released 60 months after closing.

8. 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.

PRUDENT MINERALS CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - unaudited)

For the nine months ended November 30, 2023 and 2022

8. RELATED PARTY TRANSACTIONS (CONTINUED)

During the nine months ended November 30, 2023 and 2022, the following remuneration was paid to key management personnel:

	2023	2022
Management fees	\$ 72,000	\$ 72,000
Consulting fees	36,000	-
Share-based compensation	149,801	123,082
	\$ 257,801	\$ 195,082

As at November 30, 2023, \$226,800 (February 28, 2023: \$113,400) was owed to related parties and included in accounts payable. All amounts payable are non-interest bearing, unsecured and due on demand.

At November 30, 2023, the Company was due \$34,112 (USD \$24,950) (February 28, 2023: \$34,112 (USD \$24,950)) 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.

9. 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.

9. CAPITAL MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

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 nine months ended November 30, 2023. The Company is not subject to externally imposed capital requirements.

10. 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:

PRUDENT MINERALS CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - unaudited)

For the nine months ended November 30, 2023 and 2022

10. FINANCIAL INSTRUMENTS (CONTINUED)

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 November 30, 2023, the Company had cash and cash equivalents of \$499,639 (February 28, 2023: \$828,252). As at November 30, 2023, the Company had accounts payable and accrued liabilities of \$421,130 (February 28, 2023: \$249,396) and loan payable of \$252,740 (February 28, 2023: \$Nil) 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.

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 November 30, 2023, the Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities and loan payable. Cash and cash equivalents are 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.