Prudent Minerals Corp.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Prudent Minerals Corp.

Opinion

We have audited the consolidated financial statements of Prudent Minerals Corp. (the "Group"), which comprise the consolidated statements of financial position as at February 29, 2024 and February 28, 2023 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at February 29, 2024 and February 28, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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 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 consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group'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 year ended February 29, 2024. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be key audit matters to be communicated in our report. 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.

Recoverability of Exploration and Evaluation Assets

As disclosed in Note 6 to the consolidated financial statements, the carrying value of Exploration and Evaluation Assets represents a significant asset of the Group. Refer to Note 2 and Note 3 to the consolidated financial statements for a description of the accounting policy and significant judgments applied to Exploration and Evaluation Assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining claims and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have 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; and (iv) sufficient data exists to indicate that the carrying amount of the mining claims and deferred exploration costs is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at February 29, 2024.

Why the matter was determined to be a key audit matter
We considered this a key audit matter due to (i) the significance of the mining claims and deferred exploration costs balance and (ii) the judgments made by management in its assessment of indicators of impairment related to mining claims and deferred exploration costs, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

How the matter was addressed in our audit
We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Reviewing the Group's rights to explore in the relevant exploration areas and assessing whether the rights to tenure remained current at balance date;

- Obtaining, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates;

- Assessing compliance with option agreements by reviewing agreements, vouching cash payments and share issuances, and confirming the agreement terms and status with an optionor;

- Enquiring with management and reviewing its future plans and other documentation as evidence that further exploration and evaluation activities in the area of interest will be continued in the future;

- Assessing whether any data exists to suggest that the carrying value of the Exploration and Evaluation assets is unlikely to be recovered through development or sale; and

- Assessing the adequacy of the related disclosures in Note 2, Note 3 and Note 6 to the consolidated financial statements.

Valuation of securities subject to restrictions
We draw attention to Notes 3, 6 and 7 to the consolidated financial statements. The consideration for the acquisition of Berlin Precious Metals Corp consisted of issuance of shares and warrants which are subject to a voluntary release schedule over a period of 2 to 5 years. When estimating the fair value of the shares and warrants on the acquisition date, a fair value adjustment was applied to account for the passage of time. The fair value adjustment involves the use of an option pricing model.

Why the matter was determined to be a key audit matter
The valuation of the fair value adjustment is inherently subjective, and involves the use of significant management judgment and unobservable market inputs. As a result, the procedures related to the valuation methodologies and unobservable market inputs required a high degree of auditor judgment and increased audit effort, including the use of valuation specialists.

How the matter was addressed in our audit
Our audit procedures related to the valuation methodologies and unobservable market inputs used by management to estimate the fair value adjustment included the following, among others:

- Obtained an understanding of the management's methodologies used for the fair value adjustment for the escrowed shares and warrants;

- With the assistance of our valuation specialists, assessed the appropriateness of the valuation models chosen by management;

- Verified the inputs used by management in the option pricing model, including share price, term, volatility and dividend rate;

- Performed recalculations to test the mathematical accuracy of the outputs.

- Assessing the adequacy of the related disclosures in Note 3, Note 6 and Note 7 to the consolidated financial statements.

Other Information

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

- 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 identified above 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 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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 Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’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 Group’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 Group’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 Group 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 Group 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 period 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 Diana Huang.

Crowe Mackay LLP

Chartered Professional Accountants
Vancouver, Canada
June 28, 2024

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

As at	Note		February 29, 2024		February 28, 2023
Current assets					
Cash and cash equivalents		$	375,565	$	828,252
Receivables	4		35,796		73,516
Total current assets			411,361		901,768
Exploration and evaluation asset	6		1,241,294		389,790
Total assets		$	1,652,655	$	1,291,558
Current Liabilities					
Accounts payable and accrued liabilities	8	$	293,834	$	249,396
Loan payable	5		132,740		-
Total liabilities			426,574		249,396
Shareholders' equity					
Share capital	7		1,977,392		1,815,392
Share-based payments reserve	7,8		392,505		202,532
Warrant reserve	7		151,600		-
Accumulated deficit			(1,295,416)		(975,762)
Total shareholders' equity			1,226,081		1,042,162
Total liabilities and shareholders' equity		$	1,652,655	$	1,291,558

Nature of operations and going concern (note 1)

Approved and authorized for issue on behalf of the Board on June 28, 2024.

“Alexander Helmel”	*“Adrian Smith”*
Alexander Helmel	Adrian Smith

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

PRUDENT MINERALS CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

		Years ended		
		February 29, 2024		**February 28, 2023**
Operating Expenses				
Audit and accounting	**$**	**33,200**	$	52,073
Legal fees		**5,203**		40,659
Consulting fees		**63,858**		101,154
Management fees		**-**		108,000
Marketing		**1,495**		12,265
Office expenses		**21,248**		30,178
Property investigation		**-**		135,165
Regulatory and filing fees		**22,636**		35,072
Share-based compensation (note 8)		**189,973**		202,532
		(337,613)		(717,098)
Other Item				
Interest income		**17,959**		20,499
Loss and comprehensive loss for the year	**$**	**(319,654)**	$	(696,599)
Net loss per share – basic and diluted	**$**	**(0.01)**	$	(0.03)
Weighted average number of shares outstanding - basic and diluted		**30,175,907**		24,927,000

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

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

	Common Shares										
	Number of Shares		Amount		Share-based payments Reserve		Warrant Reserve		Deficit		Shareholders' Equity
Balance at February 28, 2022	24,927,000	$	1,815,392	$	-	$	-	$	(279,163)	$	1,536,229
Share-based compensation (notes 7,8)	-		-		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**

	Common Shares										
	Number of Shares		Amount		Share-based payments Reserve		Warrant Reserve		Deficit		Shareholders' Equity
Balance at February 28, 2023	**24,927,000**	**$**	**1,815,392**	**$**	**202,532**	**$**	**-**	**$**	**(975,762)**	**$**	**1,042,162**
Shares and warrants issued for acquisition of Berlin (notes 6,7)	8,000,000		158,000		-		151,600		-		**309,600**
Shares issued for property option (notes 6,7)	100,000		4,000		-		-		-		**4,000**
Share-based compensation (notes 7,8)	-		-		189,973		-		-		**189,973**
Net loss for the year	-		-		-		-		(319,654)		**(319,654)**
Balance at February 29, 2024	**33,027,000**	**$**	**1,977,392**	**$**	**392,505**	**$**	**151,600**	**$**	**(1,295,416)**	**$**	**1,226,081**

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

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

		Years ended February 29, 2024		February 28, 2023
Cash provided by (used in)				
Operating activities				
Net loss	**$**	**(319,654)**	$	(696,599)
Item not affecting cash:				
Share-based compensation		**189,973**		202,532
Changes in non-cash working capital items:				
Change in receivables		**38,179**		(64,755)
Change in accounts payable and accrued liabilities		**25,092**		198,533
Cash used in operating activities		**(66,410)**		(360,289)
Financing Activities				
Loan repayment		**(240,000)**		-
Cash used in financing activities		**(240,000)**		-
Investing Activities				
Exploration and evaluation assets		**(12,981)**		(20,253)
Cash acquired on acquisition of Berlin		**4,112**		-
Funds advanced to Berlin prior to acquisition		**(137,498)**		-
Cash used in investing activities		**(146,277)**		(20,253)
Change in cash and cash equivalents		**(452,687)**		(380,542)
Cash and cash equivalents, beginning of year		**828,252**		1,208,794
Cash and cash equivalents, end of year	**$**	**375,565**	$	828,252
Supplemental cash disclosures				
Cash	$	**75,565**	$	78,252
Cash equivalents (Cashable GIC)		**300,000**		750,000
	$	**375,565**	$	828,252
Interest paid	$	**-**	$	9,139
Income taxes paid	$	**-**	$	-
Non-cash investing and financing activities				
Accounts payable and accrued liabilities related to exploration and evaluation assets	$	**127**	$	2,162
Shares and warrants issued for acquisition of Berlin	$	**309,600**	$	-
Shares issued for exploration and evaluation assets	$	**4,000**	$	-

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

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 29, 2024, 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 business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business. 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 29, 2024, the Company incurred a loss of $319,654 (February 28, 2023: $696,599) and as at February 29, 2024 had an accumulated deficit of $1,295,416 (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. MATERIAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of Compliance

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

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 consolidated financial statements.

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

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Berlin Precious Metals Corp. ("Berlin"). Inter-company balances and transactions are eliminated on consolidation. The functional currency of Berlin is CAD.

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

Cash and cash equivalents is classified as at FVTPL, measured at fair value and any period change in fair value is recorded in profit or loss.

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

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.

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

Exploration and evaluation asset

Pre-exploration costs are expensed as incurred. All costs related to the acquisition, exploration and development of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. Upon commencement of commercial production, the related accumulated costs are amortized using the units of production method over estimated recoverable reserves.

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment test is performed when (a) the right to explore in a specific area has expired or will expire in the near future without expectation to renew, (b) exploration or evaluation expenditures of any significance are not planned or budgeted, (c) no mineral resources in a specific area have been discovered which have the potential for commercial viability and the Company has decided to halt further activities in the area, or (d) sufficient indications exist that the minerals in a specific area can be developed, however the asset is unlikely to recover in full the carrying cost.

An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less cost to sell and value in use.

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.

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.

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.

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

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

Share Issuance Costs

Share issuance costs relate to expenditures incurred in connection with the Company's share issuance 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 consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings, except for temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. 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. Actual number of RSU’s that will eventually vest is likely to be different from estimation.

New accounting standards adopted

As part of the new amendments, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. The Company adopted the amendments effect March 1, 2023. Management reviewed the accounting policies and made updates to the information disclosed in certain instances in line with the amendments.

(Expressed in Canadian dollars)

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

New Accounting Policies and amendments to be adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

3. MATERIAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these 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 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.

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:

<u>Significant accounting estimates</u>

Acquisition of Berlin: The Company applied judgment with respect to whether the acquisition of Berlin was an asset acquisition or business combination. Berlin did not meet the definition of a business. Pursuant to this assessment, the acquisition of Berlin was considered to be an asset acquisition. The estimated acquisition date fair value of the purchase price of Berlin involves significant estimates, including the fair value adjustments for a discount using the Average Price Option Pricing Model. See Note 6.

<u>Significant accounting judgments</u>

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.

4. RECEIVABLES

	February 29, 2024	February 28, 2023
	$	$
GST receivable	35,219	28,044
Other receivables (Note 8)	577	45,472
	35,796	**73,516**

(Expressed in Canadian dollars)

5. LOAN PAYABLE

Berlin, 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 year ended February 29, 2024, the Company made a payment in the amount of $240,000. The remaining balance of $132,740 was paid subsequent to February 29, 2024.

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	836,648	850,648
Exploration costs	856	-	856
Balance, February 29, 2024	**404,646**	**836,648**	**1,241,294**

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. Matich, 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, 250,000 Common Shares allocated to Divitiae, and 100,000 shares as consideration for amendment (Note 7)) and incurring $200,000 in exploration work on the SAT Project on or before the dates set out below:

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSET (CONTINUED)

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 by issuing 8,000,000 common shares and 8,000,000 share purchase warrants of the Company (exercisable at $0.50 for a period of five years) to the shareholders of Berlin (Note 7). The 8,000,000 common shares and shares that would be issued from the exercise of the 8,000,000 warrants will be subject to a voluntary hold period from the date of issuance and released as to 25% on each of the 2 year, 3 year, 4 year and 5 year anniversary of the Closing Date. Berlin holds the right to earn up to a 100% interest in the ABE Gold Project, located in NW Colombia, 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 Company acquired Berlin for the sole purpose of acquiring the ABE Gold Project. Based on the number of shares issued and the Company's decision making power, the Company was determined to be the acquirer. The acquisition was determined to be an asset acquisition because Berlin did not meet the definition of a business. The Company allocated the fair value of consideration paid to the acquired assets and assumed liabilities based on their relative fair values as at the Closing Date as follows:

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSET (CONTINUED)

		Total
Consideration and transaction cost:		
Shares issued	$	158,000
Warrants issued		151,600
Legal cost		12,259
Total consideration and transaction cost	$	321,859
Net assets acquired and liabilities assumed:		
Cash	$	4,112
Receivables		460
Exploration and evaluation assets		836,648
Accounts payable		(9,123)
Loan payable		(372,740)
Advances from Prudent Minerals Corp		(137,498)
Net assets acquired	$	321,859

7. SHARE CAPITAL

Authorized: Unlimited number of common shares

a) Issued and outstanding as at February 29, 2024: 33,027,000 common shares (February 28, 2023 – 24,927,000).

During the year ended February 29, 2024, 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. (note 6)

On July 5, 2023, the Company issued 8,000,000 common shares and 8,000,000 common share purchase warrants as consideration for the Berlin acquisition (Note 6). The fair value of 8,000,000 shares was determined to be $158,000 based on the trading price of $0.07 on the issuance date, adjusted for a discount of $402,000 to account for the timing of the share releases from the holding period over a period of 2 years to 5 years. 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 to be $151,600 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% based on comparable peer companies' volatilities and dividend yield of $Nil, adjusted for a discount of $402,000 to account for the timing of shares that would be issued from the exercise of the share purchase warrants over a period of 2 years to 5 years.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

During the year ended February 29, 2024, the Company had the following share capital transactions (continued):

The discount of $402,000 was calculated using the Average Price Option Pricing Model with the following assumptions: a $0.07 trading price on the issuance date, a 2-5 year term, a 252% volatility rate based on comparable peer companies' volatilities and dividend yield of $Nil. 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.

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

None during the year.

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, February 29, 2024	**8,000,000**	**0.50**

The following table details the warrants outstanding and exercisable at February 29, 2024:

	Warrants outstanding			Warrants exercisable	
Expiry Date	Exercise Price	Warrants	Remaining Contractual Life (years)	Warrants	Exercise Price
	$	#		#	$
July 5, 2028	0.50	8,000,000	4.35	-	-

c) Options:

The Company has no options outstanding.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

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 2,400,000 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	-
Granted	2,400,000
Vested and settled *	-
Balance, February 28, 2023 and February 29. 2024	**2,400,000**

** Awardees must submit a settlement to receive the common shares associated with the vested RSU's. As at February 29, 2024, 800,000 RSU's had vested and none had been settled.*

The Company recorded $189,973 of share-based compensation on the graded vesting of the granted RSU's during the year ended February 29, 2024 (February 28, 2023: $202,532).

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 29, 2024, 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% of the transaction securities released 24 months after Closing, 25% to be released 36 months after Closing, 25% to be released 48 months after Closing and 25% to be released 60 months after Closing.

(Expressed in Canadian dollars)

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.

During the years ended February 29, 2024 and February 28, 2023, the following remuneration was paid to key management personnel:

		2024		2023
Management fees	$	-	$	108,000
Share-based compensation		182,059		194,094
	$	**182,059**	**$**	**302,094**

As at February 29, 2024, $113,400 (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 February 29, 2024, the Company was due $Nil (February 28, 2023: $34,112 (USD $24,950)) from a company with similar key management that are considered closely related. The amount was recorded as other receivable (Note 4) on the consolidated statement of financial position, bears no interest and was 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.

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 29, 2024. 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:

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 February 29, 2024, the Company had cash and cash equivalents of $375,565 (February 28, 2023: $828,252). As at February 29, 2024, the Company had accounts payable and accrued liabilities of $293,834 (February 28, 2023: $249,396) and loan payable of $132,740 (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 February 29, 2024, 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, and loan payable approximate its fair value because of the short-term nature of the instruments.

(Expressed in Canadian dollars)

11. INCOME TAXES

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

	Year ended February 29, 2024	Year ended February 28, 2023
Loss for the year	$ (319,654)	$ (696,599)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(86,307)	(188,082)
Non-deductible items	-	720
Tax benefits not recognized	86,307	187,362
Income tax recovery	$ -	$ -

The Company has the following unrecognized deductible temporary differences and unused tax losses:

	February 29, 2024	Expiry	February 28, 2023	Expiry
Non-capital loss carry-forwards	$ 899,000	2039 - 2044	$ 769,000	2039 - 2043
Deferred compensation	393,000	None	203,000	None
Share issue cost	1,000	2044 - 2046	1,000	2043 – 2046
	$ 1,293,000		$ 973,000	

As February 29, 2024, the Company had unrecognized deferred tax liabilities of approximately $60,000 (2023 - $Nil) due to the temporary difference arising on the initial recognition of the acquisition of the issued and outstanding shares of Berlin.

12. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the exploration of mineral properties. The following table presents selected financial information by geographic location:

February 29, 2024	**Columbia**	**Canada**	**Total**
Exploration and evaluation assets	$ 836,648	$ 404,646	$ 1,241,294

February 23, 2023	**Columbia**	**Canada**	**Total**
Exploration and evaluation assets	$ -	$ 389,790	$ 389,790