CAPROCK

MINING CORP.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2024 AND 2023

Notice to Reader

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

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management of Caprock Mining Corp.

The Company's independent auditor has not reviewed these unaudited condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Caprock Mining Corp.
Unaudited Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	As at May 31, 2024	As at August 31, 2023
	$	$
Assets		
Current Assets		
Cash	**7,418**	235,699
Receivables (Note 4)	**16,078**	19,747
Prepaid expenses (Note 5)	**1,075**	34,606
Total Current Assets	**24,571**	290,052
Exploration and evaluation assets (Note 6)	**2,143,010**	2,071,600
Total Assets	**2,167,581**	2,361,652
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	**308,696**	212,772
Total Liabilities	**308,696**	212,772
Shareholders' Equity		
Share capital (Note 8)	**3,654,824**	3,605,824
Reserve for restricted share units (Note 9)	**85,368**	99,027
Reserve for share-based payments (Note 10)	**85,773**	146,313
Reserve for warrants (Note 11)	**-**	408,500
Accumulated deficit	**(1,967,080)**	(2,110,784)
Total Shareholders' Equity	**1,858,885**	2,148,880
Total Liabilities and Shareholders' Equity	**2,167,581**	2,361,652

Nature of operations and going concern (Note 1)
Contingencies (Note 16)

Approved on behalf of the Board of Directors:

"Vishal Gupta"
Vishal Gupta, Director

"Jim Kirke"
Jim Kirke, Director

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

Caprock Mining Corp.

Unaudited Condensed Interim Statements of Loss and Comprehensive Loss
For the Three and Nine Months ended May 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Three Months ended May 31, 2024	Three Months ended May 31, 2023	Nine Months ended May 31, 2024	Nine Months ended May 31, 2023
	$	$	**$**	$
Expenses				
Professional fees (Note 13)	**67,342**	75,736	**208,657**	272,923
Exploration and evaluation expenditures (Note 6)	**4,986**	1,400	**78,123**	42,442
Shareholder costs	**3,580**	10,108	**15,910**	18,773
Office and general	**4,628**	3,063	**15,844**	29,768
Travel and entertainment	**6,065**	10,051	**12,875**	22,863
Advertising and promotion	**1,599**	2,997	**7,593**	8,990
Share-based compensation (Notes 9 and 10)	**-**	1,301	**-**	68,820
Loss before Other Income	**(88,200)**	(104,656)	**(339,002)**	(464,579)
Other income	**7**	-	**7**	1,500
	7	-	**7**	1,500
Net Loss and Comprehensive Loss	**(88,193)**	(104,656)	**(338,995)**	(463,079)
Weighted Average Number of Outstanding Shares – Basic and diluted	**43,072,500**	41,672,500	**42,291,113**	40,910,595
Net Loss per Share – Basic and diluted (Note 12)	**(0.002)**	(0.003)	**(0.008)**	(0.011)

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

Caprock Mining Corp.

Unaudited Condensed Interim Statements of Changes in Shareholders' Equity
For the Nine Months ended May 31, 2024 and 2023
(Expressed in Canadian Dollars)

		Share Capital		Reserves				
	Notes	Number of Shares	Amount	Reserve for Restricted Share Units	Reserve for Share-Based Payments	Reserve for Warrants	Accumulated Deficit	Total
		#	$	$	$	$	$	$
Balance, September 1, 2022		**40,372,500**	**3,553,824**	74,722	131,118	**408,500**	**(1,546,868)**	**2,621,296**
Shares issued on Ackley Property option acquisition	6, 8	1,300,000	52,000	-	-	-	-	52,000
Share-based compensation	9, 10	-	-	26,273	42,547	-	-	68,820
Cancellation of options	10	-	-	-	(11,124)	-	11,124	-
Net loss for the period		-	-	-	-	-	(463,079)	(463,079)
Balance, May 31, 2023		**41,672,500**	**3,605,824**	**100,995**	**162,541**	**408,500**	**(1,998,823)**	**2,279,037**
Balance, September 1, 2023		**41,672,500**	**3,605,824**	**99,027**	**146,313**	**408,500**	**(2,110,784)**	**2,148,880**
Shares issued on Ackley Property option acquisition	6, 8	1,300,000	45,500	-	-	-	-	45,500
Shares issued on Amended Option Agreement	6, 8	100,000	3,500	-	-	-	-	3,500
Expiry of RSUs	9	-	-	(13,659)	-	-	13,659	-
Expiry of options	10	-	-	-	(60,540)	-	60,540	-
Expiry of warrants	11	-	-	-	-	(408,500)	408,500	-
Net loss for the period		-	-	-	-	-	(338,995)	(338,995)
Balance, May 31, 2024		**43,072,500**	**3,654,824**	**85,368**	**85,773**	**-**	**(1,967,080)**	**1,858,885**

Caprock Mining Corp.
Unaudited Condensed Interim Statements of Cash Flows
For the Three and Nine Months ended May 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Three Months ended May 31,		Nine Months ended May 31	
	2024	2023	**2024**	2023
	$	$	**$**	$
Operating Activities				
Net loss for the period	**(88,193)**	(104,656)	**(338,995)**	(463,079)
Adjustments for non-cash items:				
Share-based compensation (Notes 9 and 10)	**-**	1,301	**-**	68,820
Amended Option Agreement compensation (Note 6)	**-**	-	**3,500**	-
Gain on liabilities settled	**-**	-	**-**	(1,500)
	(88,193)	(103,355)	**(335,495)**	(395,759)
Net change in non-cash working capital items:				
Receivables (Note 4)	**1,454**	1,194	**3,669**	(2,755)
Prepaid expenses (Note 5)	**1,932**	(20,440)	**33,531**	4,761
Accounts payable and accrued liabilities (Note 7)	**62,630**	(1,838)	**95,924**	75,750
Net Cash Flows used in Operating Activities	**(22,177)**	(124,439)	**(202,371)**	(318,003)
Investing Activities				
Payment for Ackley property option (Note 6)	**-**	-	**(25,910)**	(30,000)
Net Cash Flows used in Financing Activities	**-**	-	**(25,910)**	(30,000)
Decrease in cash	**(22,177)**	(124,439)	**(228,281)**	(348,003)
Cash, beginning of period	**29,595**	466,325	**235,699**	689,889
Cash, end of period	**7,418**	341,886	**7,418**	341,886

SUPPLEMENTAL INFORMATION:				
Fair value of shares issued for Ackley Property option	**-**	-	**49,000**	52,000

1. Nature of Operations and Going Concern

Caprock Mining Corp. ("Caprock" or the "Company") was incorporated as Blingold Corp. under the provisions of the Business Corporations Act (Ontario) on September 14, 2020. On July 12, 2021, the Company filed Articles of Amendment to change the name from Blingold Corp. to Caprock Mining Corp. The Company was incorporated to explore and evaluate mining properties in Canada. The registered address of the Company is 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1, Canada. On January 26, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") under the ticker "CAPR".

The Company is considered to be in the exploration stage and has not yet determined whether its mineral properties contain economically recoverable reserves. The continued operations of the Company and the recoverability of amounts shown or expended for exploration and evaluation ("E&E") assets is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral properties, and if they are proven successful, the existence of economically recoverable reserves and future profitable production, or upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

The Company's future viability depends upon the acquisition and financing of mineral exploration or other projects. If the mineral projects are to be successful, additional funds will be required for development and, if warranted, to place them into commercial production. The expected primary source of future funds presently available to the Company is through the issuance of common shares, or sale of an interest in any of its properties or assets in whole or in part. The ability of the Company to arrange such financing will depend, in part, on prevailing market conditions as well as the business performance of the Company. These events and conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. There can be no assurance that the Company will be successful in its efforts to arrange the necessary financing, if needed, on terms satisfactory to the Company.

For the nine months ended May 31, 2024, the Company incurred a net loss of $338,995 (2023 – $463,079) and negative cash flow from operations of $202,371 (2023 – $318,003), and as at May 31, 2024, the Company had an accumulated deficit of $1,967,080 (August 31, 2023 – deficit of $2,110,784). The Company's ability to continue as a going concern is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is impossible to predict whether financing efforts will be successful or if the Company will attain profitability levels of operations.

These unaudited condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses, and classifications of statements of financial position that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting. Accordingly, they do not include all of the information and disclosures required by IFRS for annual financial statements.

These unaudited condensed interim financial statements were reviewed, approved, and authorized for issuance by the Board of Directors (the "Board") of the Company on July 26, 2024.

2. Basis of Presentation (continued)

(b) Basis of Measurement

These unaudited condensed interim financial statements have been prepared in accordance with IFRS, on the historical cost basis with the exception of financial instruments classified as at fair value through profit or loss ("FVTPL"), which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional Currency

These unaudited condensed interim financial statements are presented in Canadian dollars ("$" or "CAD"), which is the functional currency of the Company, unless otherwise noted. The functional currency is the currency of the primary economic environment in which the Company operates.

(d) Significant Accounting Judgments and Estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

Going concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations. The conclusion that the Company will be able to continue is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Warrants and options

Warrants and options are initially recognized at fair value, based on the application of the Black-Scholes valuation model ("Black-Scholes"). This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate.

Restricted Share Units

Restricted share units ("RSUs") are initially measured and recognized at fair value, based on the market price from active market if available, and based on management judgment using various estimation techniques and valuation models if information from active market is not available.

2. Basis of Presentation (continued)

(d) Significant Accounting Judgments and Estimates (continued)

Impairment

Long-lived assets, including E&E assets, are reviewed for indicators of impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is defined as the higher of: (i) value-in-use; or (ii) fair value less cost to sell. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount.

These are determined through the exercise of judgments and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws, and technological improvements.

Restoration, rehabilitation and environmental obligations

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods can differ materially from the estimates.

Income taxes

Income taxes and tax exposures recognized in the financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Expected credit losses on financial assets

Determining an allowance for expected credit losses for amounts receivable and all debt financial assets not held at FVTPL requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

3. Summary of Significant Accounting Policies

The accounting policies applied by the Company in these unaudited condensed interim financial statements are the same as those noted in the Company's audited financial statements for the year ended August 31, 2023.

(Expressed in Canadian Dollars)

4. Receivables

	As at May 31, 2024	As at August 31, 2023
	$	$
Sales tax receivable	**8,627**	12,296
Other receivables	**7,451**	7,451
	16,078	19,747

5. Prepaid expenses

	As at May 31, 2024	As at August 31, 2023
	$	$
Prepaid insurance	**1,075**	6,564
Other advances	**-**	28,042
	1,075	34,606

6. Exploration and Evaluation Assets

Big Ridge Property

On March 11, 2021, the Company entered into an agreement with Big Ridge Gold Corp. ("Big Ridge") (the "Big Ridge Agreement"), to acquire an aggregate of 523 mining claims and 15 leases located in the Province of Ontario known as the Mud Lake, Golden Heart, Brookbank East, three Towers, Miner Lake and Green Oaks properties, subject to royalties (collectively the "Big Ridge Property") for the purchase price of 10,000,000 common shares at a deemed price of $0.10 per common share. As a condition of closing, the Company must have all necessary approvals to complete a going public transaction, which occurred on January 26, 2022, when the Company's common shares were listed for trading on the CSE. The Big Ridge Property acquisition closed on February 28, 2022, and 10,000,000 common shares were issued at the price of $0.20 per share, being the closing price of the common shares on that date.

During the August 31, 2023 fiscal year, the Company relinquished the mining claims at Golden Heart, Brookbank East, and Three Towers, leaving the Company with 408 mining claims collectively covering an area of 6,418 hectares. Management exercised judgement in assigning value to the relinquished claims based on total reserve for the claims on the Big Ridge Property and assigned an impairment of $11,000 to the relinquished claims.

Ackley Property

On January 31, 2023 ("effective date"), the Company entered into a binding option agreement (the "Option Agreement") to acquire a 100% interest in the Ackley Lithium-Tin-Molybdenum-REE property (the "Ackley Property") located in south-eastern Newfoundland. The Ackley Property comprises 182 mining claims collectively covering an area of 4,550 hectares. Pursuant to the terms of the Option Agreement, the Company will incur the following obligations over the course of three years (which may be accelerated at the Company's option) from the effective date:

- Issuance of 5,200,000 common shares ("Consideration Shares") of the Company with 1,300,000 issued immediately on January 31, 2023, and 1,300,000 Consideration Shares each on January 31, 2024, 2025, and 2026 until fully issued;
- Payment of $125,000 in cash with $20,000 paid immediately on January 31, 2023, $25,000 payable on January 31, 2024, $30,000 on January 31, 2025, and $50,000 on January 31, 2026;
- Incurrence of qualified expenditures on the Ackley Property totaling $750,000 of which $150,000 is incurred within the first 12 months until January 31, 2024, an additional $250,000 within 24 months until January 31, 2025, and an additional $350,000 within 36 months until January 31, 2026; and

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

Ackley Property (continued)

- A one-time payment of $10,000 to a consultant for the staking costs and over 100 kilometers of detailed high resolution ground magnetic data generated on the property in recent years.

From and after the transfer of legal and beneficiary right, title and interest to the Ackley Property, the Optionor shall reserve and be entitled to receive the Optionor Net Smelter Returns (“NSR”) for all product extracted from Minerals (“Mineral Products”) mined from the Ackley Property. NSR means the net amount received by the Company from a smelter, refinery or mint, less all marketing and sales costs.

The Company will pay the Optionor a royalty equal to two percent (“2%”) of the NSR for all Mineral Products (“Royalty”). Such Royalty will be a burden on the Ackley property and any renewal or extension thereof, and accordingly shall be binding upon and represent a liability of any successors of the Property.

The Company may on written notice to the Optionor and without requiring further consent from the Optionor, purchase one-half of the Royalty (“1%”) at any time in consideration of a cash payment of $1,000,000 to the Optionor.

In February 2023, the Company made an additional stake in a block at Ackley West comprising of 40 claims for $600. This brought the total claims at the Ackley Property to 222 claims.

In September 2023, the Company made additional stake in a block at Ackley East comprising of 14 claims for $910. This brought the total claims at the Ackley Property to 236 claims.

On January 18, 2024, the Company entered into an amendment of the Option Agreement (the “Amended Option Agreement”) to make up for the shortfall in the qualifying expenditure obligation that ought to have been incurred during the first 12 months of the effective date per terms of the Option Agreement.

On January 30, 2024, the Company issued 100,000 common shares valued at $3,500 as consideration to the Optionor of the Ackley Property pursuant to the terms of the Amended Option Agreement.

On January 31, 2024, the Company made a cash payment of $25,000 and issued Consideration Shares of 1,300,000 pursuant to the terms of the Option Agreement.

The Company’s carrying value of its E&E assets are as follows:

	As at May 31, 2024	As at August 31, 2023
	$	$
Big Ridge Acquisition	**1,989,000**	1,989,000
Ackley Property Option	**154,010**	82,600
	2,143,010	2,071,600

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

The Company's cumulative E&E expenditures incurred on the Company's mining properties from inception up to May 31, 2024 are as follows:

	Big Ridge Property	Ackley Property	Total
	$	$	$
Balance, September 1, 2023	**208,607**	**27,364**	**235,971**
Claims management	4,671	-	4,671
Report	-	44,875	44,875
Prospecting	-	4,400	4,400
Sampling	-	3,447	3,447
Assays	-	1,822	1,822
Project management	-	975	975
Survey	-	7,000	7,000
Mapping	-	575	575
Field costs	-	3,822	3,822
Storage fees	2,595	440	3,035
Others	-	3,500[1]	3,500
Total E&E expenditure for the period	**7,266**	**70,857**	**78,123**
Balance, May 31, 2024	**215,873**	**98,221**	**314,094**

	Big Ridge Property	Total
	$	$
Balance, September 1, 2022	**164,435**	**164,435**
Claims management	1,540	1,540
Geology	37,500	37,500
Storage	3,402	3,402
Total E&E expenditure for the period	**42,442**	**42,442**
Balance, May 31, 2023	**206,877**	**206,877**

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchases incurred in the normal course of business.

	As at May 31, 2024	As at August 31, 2023
	$	$
Accounts payable	**54,778**	10,886
Accrued liabilities	**253,918**	201,886
	308,696	212,772

[1] Value of 100,000 common shares issued to the Optionor for entering into the Amended Option Agreement.

(Expressed in Canadian Dollars)

8. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value. All common shares are ranked equally with regards to the Company's residual assets.

Common shares issued and outstanding as at May 31, 2024 and 2023 are as follows:

Issuance Date		Number of shares	Amount
		#	$
Balance, September 1, 2022		40,372,500	3,553,824
February 7, 2023	Ackley Property option[c]	1,300,000	52,000
Balance, May 31, 2023		**41,672,500**	**3,605,824**
Balance, September 1, 2023		41,672,500	3,605,824
January 30, 2024	Amended Option Agreement[a]	100,000	3,500
January 31, 2024	Ackley Property option[b]	1,300,000	45,500
Balance, May 31, 2024		**43,072,500**	**3,654,824**

Share capital transactions for the nine months ended May 31, 2024

(a) On January 30, 2024, the Company issued 100,000 common shares at $0.035 per share to the Optionor of the Ackley Property as consideration for entering into an Amended Option Agreement (see Note 6).

(b) On January 31, 2024, the Company issued additional 1,300,000 Consideration Shares towards the option acquisition of the Ackley Property in line with the terms of acquisition (see Note 6). The Consideration Shares issued had a fair value of $45,500 based on the Company's share price of $0.035 per share on the date of issuance.

Share capital transactions for the nine months ended May 31, 2023

(c) On February 7, 2023, the Company issued 1,300,000 Consideration Shares towards the option acquisition of the Ackley Property (see Note 6). The Consideration Shares issued had a fair value of $52,000 based on the Company's share price of $0.04 per share on the date of issuance.

9. Reserve for Restricted Share Units

On March 10, 2022, the Company implemented a restricted share units plan (the "RSU Plan"). Under the RSU Plan, Eligible Persons (as such term is defined in the RSU Plan) may, at the discretion of the Compensation Committee of the Board, be allocated a number of RSUs, which are subject to a maximum vesting term of one year from the calendar year in which the RSUs were granted.

The maximum number of common shares that are issuable under the RSU Plan is limited to 10% of the number of issued and outstanding common shares. As at May 31, 2024, the Company had 3,473,250 common shares available for issuance under the RSU Plan.

During the nine months ended May 31, 2024, share-based compensation of $nil (2023 – $26,273) was recorded in connection with the vesting of these RSUs.

(Expressed in Canadian Dollars)

9. Reserve for Restricted Share Units (continued)

The following summarizes the RSU activity for the nine months ended May 31, 2024 and 2023:

		2024		2023
	Number of RSUs	**Weighted average exercise price**	Number of RSUs	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of period	**923,000**	**0.12**	1,012,000	0.12
Expired	**(89,000)**	**0.12**	(89,000)	0.12
Outstanding, end of period	**834,000**	**0.12**	923,000	0.12

The expired RSUs, valued at $13,659, are RSUs that were not exercised by Eligible Persons one year after resignation from the Company.

10. Reserve for Share-Based Payments

The Company maintains the Option Plan whereby certain key officers, directors and consultants may be granted stock options for common shares of the Company. The maximum number of common shares that are issuable under the Option Plan is limited to 10% of the number of issued and outstanding common shares. Under the Option Plan, the exercise price of each option may not be less than the closing price of the Company's common shares on the trading day prior to the grant date or the grant date itself, whichever is higher. Vesting of options is determined at the discretion of the Board.

On March 9, 2022, the Company granted 1,988,000 options to various officers and directors at an exercise price of $0.12, expiring on March 9, 2027. 50% of the options vested immediately on grant and the remaining 50% vested on March 9, 2023. The options were valued using Block-Scholes with the following assumptions: expected volatility of 146% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 1.65%, and an expected life of five years. The grant date fair value attributable to these options was $177,252, of which $nil was recorded as share-based compensation in connection with the vesting of these options during the nine months ended May 31, 2024 (2023 – $42,547).

As at May 31, 2024, the Company had 3,345,250 common shares available for issuance under the Option Plan.

The following summarizes the stock option activity for the nine months ended May 31, 2024 and 2023:

		2024		2023
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of period	**1,641,000**	**0.12**	1,988,000	0.12
Expired	**(679,000)**	**0.12**	(165,000)	0.12
Outstanding, end of period	**962,000**	**0.12**	1,823,000	0.12
Exercisable, end of period	**962,000**	**0.12**	1,823,000	0.12

The expired options, valued at $60,540, are options that were not exercised by Eligible Persons three months after resignation from the Company.

(Expressed in Canadian Dollars)

10. Reserve for Share-Based Payments (continued)

The following table summarizes information of stock options outstanding and exercisable as at May 31, 2024:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted average remaining life
	#	#	$	Years
March 9, 2027	962,000	962,000	0.12	2.77
	962,000	**962,000**	**0.12**	**2.77**

11. Reserve for Warrants

The following summarizes the warrant activity for the nine months ended May 31, 2024 and 2023:

	2024		2023	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted Average exercise price
	#	$	#	$
Outstanding, beginning of period	**10,400,510**	**0.15**	10,400,510	0.15
Expired	**(10,400,510)**	**0.15**	-	-
Outstanding, end of period	**-**	**-**	10,400,510	0.15

On January 26, 2024, 10,400,510 warrants expired unexercised.

There were no warrant issuances during the nine months ended May 31, 2024.

12. Basic and Diluted Loss per Share

The calculations of basic and diluted loss per share for the nine months ended May 31, 2024, were based on the net loss of $338,995 (2023 – $463,079) and the weighted average number of basic and diluted common shares outstanding of 42,291,113 (2023 – 40,910,595). The details of the computation of basic and diluted loss per share are as follows:

	2024	2023
	$	$
Net Loss	**(338,995)**	**(463,079)**
	#	#
Basic weighted-average number of shares outstanding	**42,291,113**	40,910,595
Assumed conversion of dilutive stock options and warrants	**-**	-
Diluted weighted-average number of shares outstanding	**42,291,113**	40,910,595
	$	$
Basic and diluted loss per share	**(0.008)**	(0.011)

(Expressed in Canadian Dollars)

13. Related Party Transactions

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board.

The remuneration of directors and other members of key management personnel during the nine months ended May 31, 2024 and 2023 were as follows:

	2024	2023
	$	$
Management salaries and consulting fees	**131,250**	161,458
Professional fees	**53,000**	69,060
Share-based compensation	-	68,820
	184,250	299,338

Effective June 7, 2021, the Company entered into an executive management agreement with Windmark Financial Limited, a company controlled by the Company's President and Chief Executive Officer ("CEO") to pay the CEO $175,000 per year, paid in $14,583 monthly installments as follows:

- (i) $7,292 per month, with the balance accruing; and shall increase to
- (ii) $10,000 per month, with the balance accruing, upon the occurrence of a Liquidity Event; and shall increase to
- (iii) $14,583 per month upon the earlier of (a) a Financing, or (b) Asset Acquisition.

During the nine months ended May 31, 2024, the Company recorded consulting fees of $131,250 (2023 – $123,958) in relation to the CEO's consulting compensation. As at May 31, 2024, $261,385 (August 31, 2023 – $173,750) was owed to the CEO and included in accounts payable and accrued liabilities.

During the nine months ended May 31, 2024, Nebu Consulting, LLC ("Nebu"), where the Company's former Vice President Exploration ("VP – Exploration") is employed, charged fees of $nil (2023 – $37,500), for consulting services provided to the Company. As at May 31, 2024, no balance was owed to Nebu (August 31, 2023 – $nil).

During the nine months ended May 31, 2024, Branson Corporate Services Ltd. ("Branson"), where the Company's Chief Financial Officers ("CFO") is employed, charged fees of $53,000 (2023 – $69,060), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at May 31, 2024, $14,125 (August 31, 2023 – $nil) was owed to Branson and included in accounts payable and accrued liabilities.

Share-based compensation

On March 9, 2022, the Company granted 1,988,000 options to various officers and directors at an exercise price of $0.12, expiring on March 9, 2027. 50% of the options vested immediately on grant and the remaining 50% vested on March 9, 2023. The grant date fair value attributable to these options was $177,252, of which $nil was recorded as share-based compensation in connection with the vesting of these options during the nine months ended May 31, 2024 (2023 – $42,547).

On March 10, 2022, the Company granted 1,012,000 RSUs to certain officers. Half of the RSUs vested immediately, while the other half vested on March 10, 2023. During the nine months ended May 31, 2024, share-based compensation of $nil (2023 – $26,273) was recorded in connection with the vesting of these RSUs.

(Expressed in Canadian Dollars)

14. Capital Management

The Company's capital under management includes equity of $1,858,885 at May 31, 2024 (August 31, 2023 – $2,148,880). The Company's objectives when managing capital are to: (i) safeguard its ability to continue as a going concern, (ii) provide an adequate return to shareholders, and (iii) provide sufficient funding to support on-going exploration and capital development plans.

While the Company does not yet have any revenues, management monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its business activities.

The Company's capital management objectives, policies and processes have remained unchanged since the Company's most recent financial reporting period.

The Company is not subject to any externally imposed capital requirements.

15. Financial Risks

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Cash is held with a reputable Canadian chartered bank, which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum exposure to credit risk at period-end is limited to the receivable balance.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities.

As at May 31, 2024, the Company had a cash balance of $7,418 (August 31, 2023 – $235,699) to settle current liabilities of $308,696 (August 31, 2023 – $212,772).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at May 31, 2024:

	Carrying amount	**Year 1**	**Year 2 to 3**	**Year 4 to 5**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	308,696	308,696	-	-

(Expressed in Canadian Dollars)

15. Financial Risks (continued)

Liquidity risk (continued)

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring anticipated cash flows to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there will be sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations, the Company's cash position as at period end, and its strategic financing plan over the next 12 months.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. While the Company's operations are based in Canada, it may have, from time to time, transactions denominated in foreign currencies. The Company's primary exposure to foreign exchange risk is that transactions denominated in foreign currency may expose the Company to the risk of exchange rate fluctuations. Based on its current operations, management believes that the foreign exchange risk is minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any instruments subject to interest rate risk as at May 31, 2024.

Fair value

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

As at May 31, 2024, the Company's financial instruments consist of cash, other receivables and accounts payable. The fair value of cash, other receivables and accounts payable and accrued liabilities are approximately equal to their carrying value due to their short-term nature.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

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

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Cash	7,418	-	-	**7,418**

As at May 31, 2024, the Company's financial instruments carried at fair value consisted of its cash, which is classified as Level 1. There were no transfers between Levels 2 and 3 for recurring fair value measurements during the period ended May 31, 2024, and the year ended August 31, 2023.

16. Contingencies

The Company’s E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at the date hereof, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.

The Company also believes that there are no environmental-related liabilities that will have a material adverse effect on the financial position or operating results of the Company.