CAPROCK

MINING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED AUGUST 31, 2024

Introduction

The following Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition of Caprock Mining Corp. ("Caprock", "we" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended August 31, 2024 ("Fiscal 2024"). This MD&A was written to comply with the requirements of the National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Company's audited financial statements and the related notes thereto for the years ended August 31, 2024 and 2023 (the "2024 Financials"). Amounts are expressed in Canadian dollars unless otherwise stated. This MD&A contains forward-looking statements that are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors.

The 2024 Financials and the financial information contained in this MD&A are prepared pursuant to International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee ("IFRS"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

This MD&A reports the Company's activities through December 24, 2024, unless otherwise indicated.

Additional information relating to the Company is available under the Company's SEDAR+ profile at www.sedarplus.ca.

Nature of Mineral Exploration Business

The Company is a mineral exploration company, and its mineral resource properties are in the exploration stage only. The degree of risk increases substantially where an issuer's mineral resource properties are in the mineral exploration stage as opposed to the development or operational stage. An investment in mineral exploration companies is speculative and involves a high degree of risk and should only be made by investors who can afford the total loss of their investment. Prospective investors and other readers of this MD&A should consider the risk factors in the materials referenced under the heading "*Risks and Uncertainties*".

Business Outlook and Strategy

Caprock 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 36 Toronto Street, Suite 701, Toronto, Ontario, M5C 2C5, Canada.

On January 26, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") under the ticker "CAPR", which triggered the Liquidity Event to acquire the Big Ridge Property (see "Mineral Properties" below).

The principal business of the Company is the acquisition, exploration and evaluation of mineral properties, and developing these properties further or disposing of them when evaluation is complete. The Company is currently focused on exploring battery metals and precious metals. The Company may pursue additional exploration properties should such investments be consistent with the objectives and acquisition criteria of the Company. The Company's financial success will be dependent upon the extent to which it can acquire and advance its mineral exploration assets toward economic viability. Such developments take years to achieve with any resulting income very difficult to project with any certainty. The sales value of any such mineralization discovered and developed by the Company depends on factors beyond the Company's control, such as the market value of any mineral commodities produced.

The Company has no income and is reliant on capital markets for future funding. Through its outreach, shareholders and marketing programs, Caprock is able to judge both shareholder interest and the capital markets. Although the Company is confident in securing such funding, there is no guarantee that financing will be completed. The Company continues to monitor economic conditions and make adjustments to keep costs down should the junior resource markets remain stubborn.

Trends and Economic Conditions

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

Apart from these and the risk factors noted under the heading "*Risks and Uncertainties"*, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

See "*Cautionary Note Regarding Forward-Looking Statements"* below.

Corporate Developments – Financing

On August 30, 2024, the Company closed a non-brokered private placement and issued 8,716,667 units for gross proceeds of $130,750. Each unit was priced at $0.015 and is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable to purchase one common share of the Company at any time on or before August 30, 2026, at a price of $0.05.

Corporate Developments – General

On November 1, 2023, the Company announced that Jim Kirke joined the Board of Directors, bringing over 35 years' experience in public accounting and corporate management. Concurrent with Mr. Kirke's appointment, Mr. Andres Tinajero, Mr. Jeremy Goldman and Mr. Brian Presement have stepped down from their roles as Directors of the Company.

Corporate Developments - Mineral Properties

<u>Destiny Property</u>

On December 3, 2024 the Company entered into a binding option agreement setting out the terms of an option to acquire a 100% interest in the Destiny gold property ("Destiny", or the "Destiny Property") located near Val D'Or, Quebec from Big Ridge Gold Corp. (the "Optionor") (the "Transaction").

Destiny comprises 127 mineral claims that collectively span an area of 5,013 hectares located less than two hours' drive from Val D'Or. The project lies along a major deformation corridor in the Abitibi greenstone belt that includes the prolific Cadillac-Larder Lake and Destor-Porcupine fault zones which host numerous producing and development-stage gold deposits that are in close proximity to Destiny. The project overlies a 6.0 km long segment of the poorly explored Despinassay shear zone which is a splay off the regional Chicobi Fault. One of the several gold deposits discovered on the Property is the DAC Deposit which has a near-surface, National Instrument 43-101 compliant mineral resource estimate ("MRE") comprising the following gold inventory:

- 10.8 million tonnes averaging 1.05 g/t Au and containing 364,000 ounces Au in the Indicated category; and
- 8.3 million tonnes averaging 0.92 g/t Au and containing 247,000 ounces Au in the Inferred category.

Management believes that gold mineralization is open at the DAC Deposit along strike, at depth and on parallel structures on the Destiny Property. This resource expansion potential is in addition to the potential to explore for, and establish, independent mineral resource estimates on several of the other deposits that have previously been identified on the Property through exploration drilling.

Pursuant to the Option Agreement, the Company has an option to acquire 100% interest in the Property by incurring the following obligations over the course of three years (which may be accelerated at Caprock's option) from the date of the closing of the Transaction (the "Closing Date"):

- Issuance of 8,000,000 common shares of the Company on the Closing Date at a deemed issue price of $0.05 per common share for a total deemed value of $400,000;
- Payment of $100,000 in cash and $250,000 in common shares of the Company on or before the 1-year anniversary of the Closing Date;
- Payment of $250,000 in cash and $350,000 in common shares of the Company on or before the 2-year anniversary of the Closing Date;
- Payment of $400,000 in cash and $700,000 in common shares of the Company on or before the 3-year anniversary of the Closing Date; and

- Incurring qualified expenditures on the Property totaling $2,450,000 with the following breakdown:
  - $200,000 on or before the 1-year anniversary of the Closing Date;
  - an additional $750,000 on or before the 2-year anniversary of the Closing Date; and
  - an additional $1,500,000 on or before the 3-year anniversary of the Closing Date.

The Transaction shall close on the Closing Date, subject to satisfaction of the following conditions:

- Completion of a capital raise by Caprock for a minimum amount of $400,000;
- Satisfactory due diligence by Caprock, including but not limited to legal, corporate, financial and technical due diligence;
- The Closing Date for the Transaction must be on or before the four-month anniversary of the Option Agreement; and
- Standard regulatory and stock exchange approvals.

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.

Ackley Property

On January 31, 2023 (the "Effective Date"), the Company entered into a binding option agreement (the "Option Agreement") with Dean Fraser, which set out the terms of an option 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. Under the terms of the Option Agreement, the Company was required to make the following issuances, Optionor cash payments, and exploration expenditures 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;
- Payment of $125,000 in cash with $20,000 paid immediately on January 31, 2023, $25,000 on January 31, 2024, $30,000 on January 31, 2025, and $50,000 on January 31, 2026;
- Incurring qualified expenditures on the Ackley Property totalling $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
- 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.

In September 2023, the Company made an 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.

During the year ended August 31, 2024, the Company entered into discussions with Big Ridge over the potential to enter into an option agreement with respect to Big Ridge's Destiny property. At August 31, 2024, these discussions had not progressed to the point of any formal agreement, but the Company entered into a non-binding letter of intent on September 24, 2024 and a definitive option agreement on December 4, 2024. Notwithstanding the encouraging results from the Company's inaugural exploration program at Ackley, management had determined that the interests of the Company's shareholders were best served by focusing on completing an option agreement on Destiny and determined to incur no additional costs on Ackley.

As a consequence, management concluded that the Ackley property was impaired as at August 31, 2024, and capitalized acquisition costs amounting to $154,010 were written off and charged to operations. The Company submitted a formal notice of termination on December 3, 2024, terminating the option agreement.

Qualified Person

Vishal Gupta, M.Sc., P.Geo. (PGO) has approved the technical information in this MD&A. Mr. Gupta is a "Qualified Person" within the meaning of National Instrument 43-101, Standards of Disclosure for Mineral Projects.

Environmental regulations

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. The Company maintains a policy of conducting its business in compliance with all environmental regulations.

Overall Performance

As at August 31, 2024, the Company had current assets of $152,930 (August 31, 2023 – $290,052), including cash of $131,408 (August 31, 2023 – $235,699), to settle current liabilities of $390,625 (August 31, 2023 – $212,772), for a working capital deficit of $237,695 (August 31, 2023 – working capital of $77,280).

During the year ended August 31, 2024, the Company reported a net loss of $577,325 (loss of $0.014 per basic and diluted share), as compared to a net loss of $591,269 (loss of $0.014 per basic and diluted share) in the prior year. The decrease in net loss is primarily due to the Company's efforts at reducing costs, net of non-cash impairments of E&E assets.

During the year ended August 31, 2024, net cash used in the Company's operations was $209,131 as compared to $423,590 cash used in operations in the prior year. The decrease is a testament to management's efforts at operating on a reduced cost basis.

During the year ended August 31, 2024, cash provided by financing activities was $130,750 (2023 – $nil). The increase in Fiscal 2024 is driven by the equity placement undertaken during the fourth quarter of Fiscal 2024 ("Q4 2024").

Selected Annual Information

Selected financial information, prepared in accordance with IFRS, for the Company's three most recently completed fiscal years ended August 31 are summarized as follows:

	2024	2023	2022
	$	**$**	**$**
Total operating expenses	**(577,325)**	(591,268)	(991,862)
Total exploration expenses	**(82,221)**	(71,536)	(126,414)
Net loss and comprehensive loss	**(577,325)**	(591,268)	(991,862)
Net loss per share – basic and diluted	**(0.014)**	(0.014)	(0.028)
Total assets	**2,141,930**	2,361,652	2,746,196
Total liabilities	**390,625**	212,772	124,900
Shareholders' equity	**1,751,305**	2,148,880	2,621,296
Working capital (deficiency)	**(237,695)**	77,280	621,259

During the year ended August 31, 2024, the Company raised funds through private placements in order to fund working capital and exploration activities. The Company focused efforts on reducing expenditures, resulting in decreased expenditures to the comparative periods.

For further details please see "*Results of Operations*" sections below.

Selected quarterly financial information

The Company's selected financial information for the last eight quarters as at August 31, 2024 are as follows:

	As at and for the three months ended			
	August 31, 2024	May 31, 2024	February 29, 2024	November 30, 2023
	$	**$**	**$**	**$**
Operating expenses	(238,332)	(88,193)	(92,497)	(158,303)
Net loss and comprehensive loss	(238,332)	(88,193)	(92,497)	(158,303)
Loss per share – basic and diluted	(0.006)	(0.002)	(0.002)	(0.004)
Cash	131,408	7,418	29,595	129,780
Total assets	2,141,930	2,167,581	2,193,143	2,225,756

	As at and for the three months ended			
	August 31, 2023	May 31, 2023	February 28, 2023	November 30, 2022
	$	**$**	**$**	**$**
Operating expenses	(126,687)	(104,656)	(189,765)	(170,160)
Net loss and comprehensive loss	(128,187)	(104,656)	(188,265)	(170,160)
Loss per share – basic and diluted	(0.003)	(0.003)	(0.005)	(0.004)
Cash	235,699	341,886	466,325	566,916
Total assets	2,361,652	2,479,687	2,584,880	2,618,395

Results of Operations – Year to Date

During Fiscal 2024, the Company incurred total operating expenses of $577,325, as compared to total operating expenses of $591,268 during the year ended August 31, 2023 ("Fiscal 2023"). The reduction in operating expenses in F2024 is a direct result of management monitoring cash flows in an effort to reduce discretionary spending. Material variances in year over year expenses included the following:

- Impairment of exploration and evaluation assets reflects a non-cash expense of previously capitalized assets, and amounted to was $154,010 during Fiscal 2024, related to the Ackley Property, due to management's decision to pivot focus to the Destiny Property. During Fiscal 2024, impairments were $11,000.
- Professional fees totaled $274,755 (2023 - $347,093), for a decrease of $72,338. The decrease is a testament to management's efforts at monitoring cash flows in an effort to preserve capital.
- Share-based compensation reflects the vesting and issuances of restricted share units ("RSUs") and stock options and was $nil during Fiscal 2024 as compared to $66,852 during Fiscal 2023. During Fiscal 2024, there were no new issuances of RSUs or stock options, and all existing securities had fully vested.
- Office and general expenses decreased by $18,341 from $36,538 incurred during Fiscal 2023 to $18,197 incurred during Fiscal 2024. The decrease reflects management's efforts to decrease discretionary spending.
- Travel and entertainment expenses were $14,810 during Fiscal 2024, as compared to $24,837 during Fiscal 2023. Management limited travel to only necessary occurrences in an effort to preserve cash on hand.

Overall, the Company recorded a net loss of $577,325 for the year ended August 31, 2024 (2023 - $591,268), which is a net loss per share of $0.014.

Results of Operations – Fourth Quarter

During the fourth quarter of Fiscal 2024 ("Q4 2024"), the Company incurred total operating expenses of $238,332, as compared to total operating expenses of $126,690 incurred during the fourth quarter of Fiscal 2023 ("Q4 2023"). Included in total operating expenses for Q4 2024 is $154,010 of impairment expenses described above (Q4 2023 - $11,000); operating expenses normalized for this one-time item total $84,322 for Q4 2024 and $115,690 for Q4 2023. Material variances between Q4 2024 and Q4 2023 include the following:

- Exploration and evaluation expenses were $4,098 during Q4 2024 (Q4 2023 - $29,094), a decrease of $24,996 from the comparative period. The minimal expenses incurred during Q4 2024 reflect management's initiative to pivot away from the Ackley Property and focus on securing the Destiny Property.

- Professional fees totaled $66,098 during Q4 2024 (Q4 2023 - $74,170), for a decrease of $8,072. The decrease is a testament to management's efforts at monitoring cash flows in an effort to preserve capital.

Overall, the Company recorded a net loss of $238,332 for Q4 2024 (Q4 2023 - $126,690), which is a net loss per share of $0.006 (Q4 2023 - $0.003).

Liquidity and Capital Resources

	2024	2023
	$	$
Cash Flows used in Operating Activities	**(209,131)**	(423,590)
Cash Flows used in Investing Activities	**(25,910)**	(30,600)
Cash Flows provided by Financing Activities	**130,750**	-
Decrease in Cash	**(104,291)**	(454,190)
Cash, beginning of year	**235,699**	689,889
Cash, end of year	**131,408**	235,699

During Fiscal 2024, net cash used in the Company's operating activities was $209,131 (2023 - $423,590). The decrease in operating expenditure is a reflection of management's emphasis on reducing discretionary spending and preserving cash on hand.

During Fiscal 2024, net cash used in investing activities was $25,910 (2023 - $30,600), which reflects option payments on the Company's E&E assets.

During Fiscal 2024, the Company also incurred financing cash inflows of $130,750 (2023 - $nil). Financing activities during Fiscal 2024 consisted of funds raised through a non-brokered private placement completed on August 30, 2024.

Management is actively monitoring cash levels and managing exploration plans and corporate overhead against its budget. Cash levels will decline as the Company accelerates exploration work. 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. Management has commenced efforts to raise capital for continuation of the Company's operations, including corporate general and administrative expenses. It is impossible to predict whether financing efforts will be successful or if the Company will attain profitability levels of operations

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 years ended August 31, 2024 and 2023 were as follows:

	2024	2023
		$
Management salaries and consulting fees	**175,000**	212,500
Professional fees	**68,000**	94,060
Share-based compensation	-	66,852
	243,000	373,412

Effective June 7, 2021, the Company entered into an executive management agreement with Windmark Financial Limited ("Windmark"), 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 year ended August 31, 2024, the Company recorded consulting fees of $175,000 (2023 – $175,000 in relation to the CEO's consulting compensation. As at August 31, 2024, $305,279 (August 31, 2023 – $173,750) was owed to the CEO and included in accounts payable and accrued liabilities.

During the year ended August 31, 2024, Branson Corporate Services Ltd. ("Branson"), where the Company's Chief Financial Officer ("CFO") is employed, charged fees of $68,000 (2023 – $94,060), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at August 31, 2024, $25,750 was owed to Branson (August 31, 2023 – $nil).

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

Capital Management

The Company's capital under management includes equity of $1,751,305 at August 31, 2024 (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.

Risks and Uncertainties

The exploration, development and mining of mineral resources are highly speculative in nature and are subject to significant risks. In addition to the usual risks associated with an investment in a business at an early stage of development, management and the directors of the Company believe that the risk factors should be considered by prospective investors. It should be noted that such list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

Exploration, Development and Operating Risks

Mineral exploration operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, precious metals and other minerals and metals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, mineral exploration activities are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral bearing structure may result in substantial rewards, few properties which are explored are ultimately developed into producing mines.

Major expenses may be required to locate and establish Mineral Reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on several factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; commodity prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Company towards the search and evaluation of deposits of minerals or other metals will result in discoveries of commercial quantities of gold or other minerals or metals.

Current economic conditions

There are significant uncertainties regarding the price of gold and other minerals or metals and the availability of equity financing for the purposes of mineral exploration and development. The prices of gold and other minerals or metals have fluctuated substantially over the past years. The Company's future performance is largely tied to the development of its current mineral properties and the overall financial markets. Current financial markets are likely to be volatile in Canada, reflecting ongoing concerns about the stability of the global economy. Companies worldwide have been affected particularly negatively by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting present shareholders of the Company. These economic trends may limit the Company's ability to develop and/or further explore its mineral property interests.

Operating History

The Company has a very limited history of operations, is in the early stage of exploration and must be considered a start-up company. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Insurance and Uninsured Risks

The Company's business is subject to several risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or related facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mineral exploration or development, monetary losses and possible legal liability.

Although the Company may in the future maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mineral exploration company's operation. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards because of exploration and production is not generally available to the Company or to other companies in the mineral exploration industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations. At the present time, the mineral properties of the Company are not fully insured. Any liability relating to risks that would otherwise be insured will be borne by the Company.

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Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, and which have been caused by previous or existing owners or operators of the properties.

Government approvals, approval of aboriginal people and permits are currently, and may in the future be required in connection with the Company's operations. To the extent that any aboriginal approvals are required and not obtained in respect of any of the Company's property interests, the Company may be curtailed or prohibited from continuing its exploration or development operations or from proceeding with planned exploration or development of mineral properties.

Moreover, if any permit or renewal thereof required by the Company from time to time is not approved, the Company may be curtailed or prohibited from continuing its exploration or development operations or from proceeding with planned exploration or development of mineral properties. Any of these occurrences could have an adverse material effect on the Company.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining or mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or other costs or reduction in levels of production at any future producing properties (if any), or require abandonment or delays in development of new mineral exploration properties.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Land Title

Although the title to the Company's properties has been reviewed by or on behalf of the Company, no assurances can be given that there are no title defects affecting such property. Title insurance generally is not available, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining claims may be severely constrained. Furthermore, the Company has not conducted surveys of the claims in which it holds an interest and, therefore, the precise area and location of such claims may be in doubt. Accordingly, the Company's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

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Competition

The mineral exploration industry is competitive in all its phases. The Company faces strong competition from other mineral exploration companies in connection with the acquisition of properties producing, or potentially capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mineral exploration properties on terms it considers acceptable or at all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

Additional Capital and Negative Operating Cash Flow

The development and exploration of the Company's properties will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production (if any) on any or all the Company's properties or even a loss of property interest.

The primary source of funding available to the Company consists of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

Commodity Prices

The price of the common shares, the Company's financial results and exploration and development may in the future be significantly adversely affected by declines in the price of gold or other minerals. The price of gold and other minerals and metals fluctuates widely and is affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market value of gold or other minerals or metals could cause further exploration and any future development of the Company's properties to be impractical. Depending on the price of gold and other minerals or metals, cash flow from future operations, if any, may not be sufficient and the Company could be forced to discontinue its operations and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's properties, if any, will be dependent upon the prices of gold and other minerals or metals being adequate to make these properties economic.

In addition to adversely affecting the Company's Mineral Resource estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Government Regulation

The mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Company's exploration and development activities are currently carried out in accordance with all applicable rules and regulations in all material respects, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development. Amendments to current laws and regulations governing operations and activities of mineral exploration or more stringent implementation thereof could have a substantial adverse impact on the Company.

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Canadian Tax Treatment of Flow-Through Shares ("FT Shares")

The tax treatment of FT Shares constitutes a major consideration of an investment in the FT Shares. There is no guarantee that the current tax laws and administrative practices of both the federal and provincial tax authorities will not be amended or construed in such a way that the tax considerations for a subscriber holding FT Shares will not be altered in a materially unfavourable way and there is no guarantee that there will be no material differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the FT Shares, the status of such FT Shares and the activities contemplated by the Company's exploration and development programs. There is no guarantee that the Qualifying Expenditures incurred by the Company, or the expected tax deductions or credits claimed by subscribers will be accepted as Qualifying Expenditures by the Canada Revenue Agency ("CRA").

There can be no assurance that the FT Shares will not be viewed by the CRA or a court as constituting prescribed shares for the purposes of the Tax Act. If the FT Shares are prescribed shares, such shares will not be considered a "flow-through share", and subscribers will not be entitled to any renunciations of Qualifying Expenditures from the Company. However, in such circumstances, the FT Shares will not be governed by the rules of the Tax Act deeming flow-through shares to have a cost of nil.

Market Price of Common Shares and Unpredictable Litigation

Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of industries. The price of the common shares is also likely to be significantly affected by short-term changes in gold or other mineral or metal prices or in the Company's financial condition or results of operations. Other factors unrelated to the Company's performance that may have an effect on the price of the common shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of common shares; the size of Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the common shares that persists for a significant period of time could cause the Company's securities to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation or other litigation concerning operational, employment, title, environmental or other matters of which the Company is not presently aware. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Dilution to Common Shares

The increase in the number of common shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of the common shares. In addition, because of such additional common shares, the voting power of the Company's existing shareholders will be diluted.

The Company is also required to issue common shares with respect to the property option agreements. The number of common shares issuable to maintain the options in good standing will be based on the market price of common shares at the time of issuance. Depending on the market price of the common shares, which may depend on several factors beyond the control of the Company, such as current market conditions, these issuances could be excessively dilutive to existing shareholders.

Future Sales of Common Shares by Existing Shareholders

Sales of many common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares.

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Risk Management

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 reputable Canadian chartered banks, 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 August 31, 2024, the Company had a cash balance of $131,408 (2023 – $235,699) to settle current liabilities of $390,625 (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 August 31, 2024:

	Carrying amount	**Year 1**	**Year 2 to 3**	**Year 4 to 5**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	390,625	390,625	-	-

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 August 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, receivables and accounts payables and accrued liabilities.

As at August 31, 2024, the Company's financial instruments consist of cash, receivables and accounts payable. The fair value of cash, 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	131,408	-	-	**131,408**

As at August 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 years ended August 31, 2024 and 2023.

Significant Accounting Judgments, Estimates and Assumptions

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.

Shares issued for non-cash consideration

The Company is required to recognize these transactions at fair value which requires judgment in selecting valuation techniques and other factors.

Impairment assessment of non-current assets

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 recognizes 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 ("ECL") 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.

Material Accounting Policies

(a) Cash

Cash in the statements of financial position comprises cash on hand and in deposits held at call with financial institution in Canada.

(b) Financial Instruments

The Company classifies and measures financial instruments in accordance with IFRS 9 – Financial Instruments ("IFRS 9"). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities on the statement of financial position when it becomes a party to the financial instrument or derivative contract.

Classification

The Company classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at FVTPL; (b) those to be measured subsequently at fair value through other comprehensive income (loss) ("FVTOCI"); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition).

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

The Company's financial assets include cash and receivables. The Company's financial liabilities include its accounts payable and accrued liabilities.

Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics do not meet the solely payment of principal and interest ("SPPI") criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in the statements of loss and comprehensive loss.

Financial assets at fair value through other comprehensive income

Debt and equity instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVTOCI. Movements in fair values are recognized in other comprehensive income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss recognized in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognized using the effective interest rate method and presented in "interest income". As at August 31, 2024 and 2023, the Company did not have any financial assets at FVTOCI.

Amortized cost

Debt and equity instruments that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

The Company's classification of financial assets and financial liabilities is summarized below:

Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

Expected credit loss impairment model

Under IFRS 9, the Company recognizes a provision for ECL on financial assets that are measured on amortized cost. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains or losses on derecognition are generally recognized in profit or loss.

Determination of fair value

The determination of fair value requires judgment and is based on market information, where available and appropriate. 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).

(c) Exploration and Evaluation Assets

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, the Company expenses exploration and evaluation expenditures as incurred. These expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on property, plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Acquisition costs of mineral property rights, property option payments and equipment related to exploration and evaluation activities are capitalized.

Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved by the Board, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain E&E expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for E&E assets as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditure costs, in excess of estimated recoveries, are written off to the statement of profit or loss.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied against the asset first and then to profit or loss once the asset has been brought to $nil.

The Company assesses E&E assets for impairment when facts or circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. When this is the case, the Company would carry out an impairment test on the asset or group of assets, which requires estimate and judgement in determining the recoverable amount with reference to the fair value of the assets or group of assets less costs to sell or the value-in-use calculation. Where the recoverable amount is determined to be less than the carrying amount, an impairment loss may arise.

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

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

An impairment loss may be reversed in a situation where there is a change in the circumstances that had initially dictated that impairment had occurred. An example of such a situation might include, but not be limited to, the recommencement of exploration activity on a mineral property due to a significant change in commodity prices.

Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. E&E assets are also tested for impairment before the assets are transferred to development properties.

E&E assets are classified as intangible assets. Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits. Reclamation deposits, if any, are classified as loans and receivables.

Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by development or production. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through an amortization method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits.

The Company has no material restoration, rehabilitation and environmental costs as at August 31, 2024 and 2023.

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Impairment of non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

(d) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(e) Income Tax

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 OCI.

Current income 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 recorded for temporary differences at the date of the statements of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and the Company has the legal rights and intent to offset.

Estimates

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(f) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

In situations where the Company issues units, the value of units is bifurcated and the value of warrants is included as a separate reserve for warrants of the Company's equity. The proceeds from the issuance of units are allocated between common shares and warrants on a pro-rated basis using the relative fair value method. The fair value of the common shares is determined using the share price at the date of issuance of the units. The fair value of the warrants is determined using Black-Scholes.

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

(g) Restricted Share Units

The Company operates a restricted share units plan (the "RSU Plan"). RSUs are equity-settled share-based payments and are measured at fair value on the date of grant. The fair value of RSUs is determined by the greater of (i) the weighted average of the trading price per share on the CSE for the last five trading days ending on the grant date; and (ii) the closing price of the shares on the day before the grant date. Share-based compensation is recognized over the vesting period with a corresponding credit to restricted share unit reserve. Under IFRS, the Company's RSUs are classified as equity-settled share-based payment transactions as they are settled in common shares at the sole discretion of the Company.

RSUs which do not vest on or before the expiry date will be automatically cancelled, without further act or formality and without compensation. If a recipient ceases to be a Director, Officer or Employee ("Eligible Person") as a result of retirement, death or total disability, or termination of employment or removal from service by the Company or a related party without cause, the RSUs will not be cancelled but will remain outstanding for a period of one year following the date upon which such recipient ceases to be an Eligible Person.

(h) Share-Based Payments Transactions

The Company operates a stock option plan (the "Option Plan"). Share-based payments to directors, officers or employees are measured at the fair value of the instruments issued 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 at 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 provided. The fair value of options is determined using Black-Scholes. The fair value of equity-settled share-based compensation transactions are recognized as an expense with a corresponding increase in the reserve for share-based payments.

If an optionee ceases to be an Eligible Person of the Company for any reason (whether or not for cause), the optionee may but for only within the period of ninety days (unless such period is extended by the Board or the Committee, as applicable, to a maximum of one year next succeeding such cessation) next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option.

(i) Loss Per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

(j) 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. Parties are also considered to be related if they are subject to common control or common significant influence. 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.

(k) Foreign Currency Transactions

Monetary assets and liabilities denominated in currencies other than CAD, are translated into CAD at the rate of exchange in effect at the statements of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction date's exchange rate. Foreign currency gains or losses resulting from translation are reflected in net comprehensive loss for the period.

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Off-Balance Sheet Arrangements

As at August 31, 2024 and the date of this MD&A, the Company does not have any off-balance sheet arrangements.

Disclosure of Outstanding Share Data as of December 24, 2024

	Authorized	Outstanding
Common shares	Unlimited	51,789,167 common shares
Securities convertible or exercisable into voting or equity		a. 962,000 outstanding stock options, all of which are exercisable into common shares of the Company, and b. 834,000 RSUs, all of which are exercisable into common shares of the Company. c. 4,358,333 warrants, all of which are exercisable into common shares of the Company.

Disclosure of Internal Controls over Financial Reporting

The Company's management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the Company's audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements; and (ii) the Company's audited financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: (a) controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors and other readers should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

Cautionary Note Regarding Forward-Looking Statements

This MD&A includes "forward-looking statements" within the meaning of applicable securities legislation, including those relating to the Company's corporate strategy and exploration plans, potential acquisitions, adequacy of working capital, and anticipated expenses and cash flows, which are based on the opinions and estimates and assumptions of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mineral exploration industry, the risk of commodity price fluctuations and especially precious metals prices, the ability of Company to fund the capital and operating expenses necessary to achieve its business objectives, volatility in financial markets and the market price of the Company's shares, as well as those other risks described or referenced herein. Accordingly, readers should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof, and the Company undertakes no obligation to update publicly or revise any forward-looking statements except in accordance with applicable securities laws. The forward-looking statements herein are expressly qualified by this cautionary statement.

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