FIRST AMERICAN URANIUM INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Expressed in Canadian Dollars

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

Unaudited – Prepared by Management

Registered and Records Office Address
#1500 – 1055 West Georgia Street
Vancouver, BC, V6E 4N7
Canada

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

FIRST AMERICAN URANIUM INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars
Unaudited – Prepared
AS AT

	September 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	$ 15,869	$ 4,234
Receivables (Note 4)	41,195	86,338
Prepaid expenses	2,000	18,162
Total current assets	59,064	108,734
Non-current assets		
Reclamation bond (Note 3)	24,000	24,000
Exploration and evaluation assets (Note 3)	1,487,270	1,401,035
Total assets	$ 1,570,334	$ 1,533,769
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note)	$ 569,723	$ 333,425
Promissory note payable (Note 4)	57,682	-
	627,405	333,425
Equity		
Share capital (Note 5)	2,731,992	2,702,242
Contributed surplus (Note 5)	162,003	140,803
Deficit	(2,405,133)	(2,099,212)
Equity attributable to the shareholders of the Company	488,862	743,833
Non-controlling interest	454,067	456,511
Total equity	942,929	1,200,344
Total liabilities and equity	$ 1,570,334	$ 1,533,769

Nature and continuance of operations (Note 1)

On behalf of the Board:

"Tom McCandless" Director

"Kelvin Lee" Director

FIRST AMERICAN URANIUM INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Expressed in Canadian Dollars
Unaudited – Prepared by Management

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
EXPENSES				
Advertising and promotion	$ -	$ 335,533	$ 5,735	$ 622,807
Consulting fees (Note 9)	5,000	33,000	10,000	151,158
Filing fees	1,750	13,846	29,823	54,513
Foreign exchange	(138)	(311)	(10)	(838)
Gain on debt settlement	(5,000)	-	(5,000)	-
Interest expenses	1,653	-	1,653	-
Management fees (Note 9)	52,500	42,000	157,500	110,000
Office and miscellaneous (recovery)	1,120	(156)	1,891	(49)
Professional fees	19,600	33,855	85,573	120,432
Share-based compensation (Notes 5 and 9)	-	-	21,200	93,800
Loss and comprehensive loss for the period	$ (76,485)	$ (457,767)	$ (308,365)	$ (1,151,823)
Net loss and comprehensive loss for the period attributed to:				
Shareholders of the Company	$ (76,088)	$ (457,370)	$ (305,921)	$ (1,137,733)
Non-controlling interest	(397)	(397)	(2,444)	(14,090)
	$ (76,485)	$ (457,767)	$ (308,365)	$ (1,151,823)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	33,993,333	32,760,893	33,956,516	29,785,322

FIRST AMERICAN URANIUM INC.

CONDESED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Expressed in Canadian Dollars
Unaudited – Prepared by Management

	Number of shares	Share capital	Contributed surplus	Deficit	Non-controlling interest	Total equity
December 31, 2022	**20,970,068**	**$ 1,227,530**	**$ 55,700**	**-$ 437,763**	**$ 470,471**	**$ 1,315,938**
Shares issued for cash	11,208,314	1,252,497	-	-	-	1,252,497
Share issuance costs - cash	-	(2,135)	-	-	-	(2,135)
Share issuance costs - warrants	-	(1,700)	1,700	-	-	-
Share issued for warrant exercise	704,170	109,564	(10,397)			99,167
Shares issued for mineral properties	250,000	49,750	-	-	-	49,750
Share based compensation	-	-	93,800	-	-	93,800
Loss for the period	-	-	-	(1,137,733)	(14,090)	(1,151,823)
September 30, 2023	**33,132,552**	**2,635,506**	**140,803**	**(1,575,496)**	**456,381**	**1,657,194**
Shares issued for cash	-	-	-	-	-	-
Share issuance costs - cash	-	(28,814)	-	-	-	(28,814)
Share issuance costs - warrants	-	-	-	-	-	-
Share issued for warrant exercise	559,000	95,550	-	-	-	95,550
Share based compensation	-	-	-	-	-	-
Income (loss) for the period	-	-	-	(523,716)	130	(523,586)
December 31, 2023	**33,691,552**	**2,702,242**	**140,803**	**(2,099,212)**	**456,511**	**1,200,344**
Shares issued for mineral properties	150,000	9,750	-	-	-	9,750
Shares issued for debt	500,000	20,000	-	-	-	20,000
Share based compensation	-	-	21,200	-	-	21,200
Loss for the period	-	-	-	(305,921)	(2,444)	(308,365)
September 30, 2024	**34,341,552**	**$ 2,731,992**	**$ 162,003**	**-$ 2,405,133**	**$ 454,067**	**$ 942,929**

FIRST AMERICAN URANIUM INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in Canadian Dollars
Unaudited – Prepared by Management

	For the nine months ended September 30, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (308,365)	$ (1,151,823)
Item not involving cash:		
Share-based compensation	21,200	93,800
Interest expense	2,682	-
Gain on debt settlement	(5,000)	-
Changes in non-cash working capital items:		
Receivables	45,143	20,844
Prepaid expenses	16,162	(320,459)
Accounts payable and accrued liabilities	233,775	267,968
Net cash provided by (used in) operating activities	5,597	(1,089,670)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(48,962)	(133,896)
Net cash used in investing activities	(48,962)	(133,896)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	-	1,087,497
Deferred financing cost paid	-	(2,135)
Proceeds from promissory note payable	55,000	-
Warrant exercise	-	99,167
Net cash provided by financing activities	55,000	1,184,529
Change in cash for the period	11,635	(39,097)
Cash, beginning of period	4,234	58,606
Cash, end of period	$ 15,869	$ 19,569
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ -	$ -
Income tax paid	$ -	$ -
Non-cash investing and financing activities:		
Fair value of broker warrants	$ -	$ 1,700
Fair value of broker warrants exercised	$ -	$ 10,397
Shares issued for debt	$ 20,000	$ -
Exploration expenditures in accounts payable	$ 52,029	$ -
Shares issued for exploration and evaluation asset acquisition	$ 9,750	$ 26,250

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

1. NATURE AND CONTINUANCE OF OPERATIONS

First American Uranium Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 1, 2020. The Company is an exploration stage junior mining company currently engaged in the identification, acquisition and exploration of mineral properties in Canada and New Mexico. The Company completed its initial public offering ("IPO"), and its shares were approved for listing on the Canadian Securities Exchange on January 28, 2022.

These condensed interim consolidated financial statements have been prepared in accordance with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive financial support from related parties, complete sufficient equity financings or generate profitable operations in the future. These material uncertainties may cast significant doubt on the entity's ability to continue as a going concern. The condensed interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue in business.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

2. MATERIAL ACCOUNTING POLICIES

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim consolidated financial statements, including International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and have been prepared following the same accounting policies and method of computation as the annual financial statements for the year ended December 31, 2023. They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, or fair value through other comprehensive loss which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. These condensed interim financial statements are presented in Canadian dollars unless otherwise noted. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS as issued by the IASB.

The condensed interim consolidated financial statements of the Company for the nine months ended September 30, 2024 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 29, 2024.

The preparation of the Company's condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The condensed interim consolidated financial statements include the financial statements of the Company and its subsidiary, FirstAmerican Energy Fuels Ltd. ("FirstAmerican"), a Canadian incorporated exploration stage mining company in which the Company owns a 60% interest (December 31, 2023 – 60%). The financial statements of the subsidiary are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. All significant intercompany balances and transactions have been eliminated.

Estimates, judgments and assumptions

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the recoverability of the carrying value of the Company's exploration and evaluation assets, and the going concern assumption.

Financial instruments

Measurement and classification

Cash is classified as at fair value through profit or loss ("FVTPL") measured initially and subsequently at fair value.

Receivables, reclamation bond and accounts payable and accrued liabilities are classified as at amortized cost, initially measured at fair value net of transaction costs, subsequently measured at amortized cost using the effective interest method.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Exploration and evaluation assets

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation assets (continued)

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

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.” Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Impairment of long-lived assets

At the end of each reporting period, the Company’s assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company’s estimates of reclamation costs, are charged to profit or loss for the period.

As at September 30, 2024, the Company has determined that it does not have any decommissioning obligations (2023 - $Nil).

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants (“Warrants”). Depending on the terms and conditions of each equity financing agreement (“Agreement”), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued using the residual method which involves comparing the selling price of the units to the Company’s share price on the closing date of the financing to the selling price of the unit. The market value is then applied to the common share, and any residual amount is assigned to the Warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments and are recognized in equity. When warrants are forfeited or are not exercised at the expiry date the amount previously recognized in equity is transferred from contributed surplus to deficit.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date the shares are issued.

Share issuance costs

Share issue costs are deferred and charged directly to share capital on completion of the related equity financing. If the financing is not completed, share issue costs are charged to profit or loss. Costs directly identifiable with the raising of capital are charged against the related share capital.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. The fair value is determined using an option pricing model.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received in the profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management’s best estimates, for the effects of non-transferability, exercise restrictions and behavioral considerations. All equity-settled share-based payments are reflected in contributed surplus until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid. Upon expiry, the amount reflected in contributed surplus remain unchanged.

Expressed in Canadian Dollars

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

New standards issued but not yet effective and standards adopted during the period

The following standards are adopted during the period:

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

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2024. The adoption of these amendments will not have any significant impact on the Company.

3. EXPLORATION AND EVALUATION ASSETS

	Silver Lake Property, British Columbia	Red Basin Uranium/ Vanadium, New Mexico	Total
Acquisition costs			
Balance, December 31, 2022	$ 21,060	$ 1,190,244	$ 1,211,304
Cash	15,000	164,386	179,386
Common shares	26,250	23,500	49,750
Write-off	(62,310)	-	(62,310)
Balance, December 31, 2023	-	1,378,130	1,378,130
Cash	25,000	23,790	48,790
Common shares	9,750	-	9,750
Balance, September 30, 2024	34,750	1,401,920	1,436,670
Exploration costs			
Balance, December 31, 2022	98,959	22,905	121,864
Write-off	(98,959)	-	(98,959)
Balance, December 31, 2023	-	22,905	22,905
Geo-consulting	-	27,695	27,695
Balance, September 30, 2024	$ -	$ 50,600	$ 50,600
Total balance, December 31, 2023	$ -	$ 1,401,035	$ 1,401,035
Total balance, September 30, 2024	$ 34,750	$ 1,452,520	$ 1,487,270

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Silver Lake Property, British Columbia

On November 27, 2020, the Company entered into an option agreement to earn a 100% interest in the Silver Lake Property in British Columbia. In order to earn the interest, the Company must make the following option payments:

i) pay $10,000 (paid) within 5 days of execution of the agreement and issue 100,000 common shares (issued and valued at $10,000) within 10 days after a listing on a Canadian stock exchange (the "Listing Date");
ii) pay $15,000 (paid) and 150,000 common shares by January 28, 2023 (issued and valued at $26,250);
iii) pay $25,000 (paid) and issue 150,000 common shares by January 28, 2024 (issued and valued at $9,750);
iv) pay $50,000 and issue 100,000 common shares by January 28, 2025;
v) pay $125,000 by January 28, 2026; and
vi) pay $175,000 by January 28, 2027.

If the Silver Lake Property is acquired by the Company, then it will be required to pay a 2.0% net smelter returns royalty payable to vendor upon the commencement of commercial production, 0.75% of which is purchasable by the Company for $250,000 at any time.

The Company paid $24,000 (2023 - $24,000) as a reclamation bond on the Silver Lake Property.

During the year ended December 31, 2023, the Company decided to write-off $161,269 due to no further exploration activities planned.

Red Basin Uranium/Vanadium Project, Catron County, New Mexico

During the year ended December 31, 2022, through the First American acquisition (Note 9), the Company acquired the option for the acquisition of a 100% interest (subject to a 2% NSR) in and to certain mineral claims located in Catron County, New Mexico by making the following payments:

i) paying US$50,000 and issuing 266,667 common shares upon execution of the agreement (issued with a value $22,667);
ii) paying US$100,000 and issuing 333,333 common shares by the 1st anniversary of June 15, 2022 (the "Effective Date")
iii) paying US$50,000 and issuing 400,000 common shares by the 2nd anniversary of the Effective Date;
iv) paying US$150,000 and issuing 466,667 common shares by the 3rd anniversary of the Effective Date;
v) issuing 533,333 common shares by the 4th anniversary of the Effective Date.

On or before the date of commencement of commercial production an additional bonus payment of US$250,000 in cash or shares will be paid to the optionee. The property is subject to a royalty equal to 2% of net smelter returns upon commencement of commercial production and such royalty may be reduced from 2% to 1% by the payment of US$500,000.

On June 27, 2023, the Company and the arm's length optionor agreed to amend and restate the option agreement whereby the Company can acquire 100% interest for the mineral claims by making the following payments:

i) paying US$50,000 (paid) and issuing 100,000 common shares (issued with a value $23,500) on or before June 27, 2023.
ii) paying US$50,000 on or before October 27, 2023 (paid).

4. PROMISSORY NOTES

During the period ended September 30, 2024, the Company:

i) granted a secured promissory note in favor of 2710989 Ontario Ltd. in the principal amount of $25,000, bearing interest at a rate of 15% per annum, payable monthly, with no fixed terms of repayment. During the period ended September 30, 2024, the Company accrued interest for $2,198.

ii) granted a secured promissory note in favor of 1142377 BC Ltd. in the principal amount of $30,000, bearing interest at a rate of 15% per annum, payable monthly, with no fixed terms of repayment. During the period ended September 30, 2024, the Company accrued interest for $484.

5. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Escrow share

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from date of listing. At September 30, 2024, there were 401,250 (December 31, 2023 – 1,203,750) common shares held in escrow.

Issued share capital

During the period ended September 30, 2024, the Company:

i) issued 500,000 common pursuant to a debt settlement agreement with an arms-length vendor to settle accounts payable of $25,000.

ii) issued 150,000 common shares pursuant to the acquisition of the Silver Lake Property valued at $9,750 (Note 3).

During the year ended December 31, 2023, the Company:

i) issued 1,134,000 common shares pursuant to exercise of warrants for proceeds of $181,800.

ii) issued 100,000 common shares pursuant to acquisition of Red Basin Uranium/Vanadium Project valued at $23,500 (Note 3).

iii) issued 8,575,000 units at a price of $0.10 per unit for gross proceeds of $857,500, of which $65,000 is receivable at December 31, 2023, of which $25,000 was collected in period ended March 31, 2024. Each unit is comprised of one common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to purchase one common share at a price of $0.15, expiring on or before February 9, 2025. The Company paid a finders' fees of $2,135 and issued 21,000 broker warrants (valued at $1,700). Each broker warrant will entitle the holder to purchase one common share at a price of $0.20, expiring on or before February 9, 2024.

iv) issued 150,000 common shares pursuant to the acquisition of the Silver Lake Property valued at $26,250 (Note 3).

Expressed in Canadian Dollars

5. SHARE CAPITAL (CONTINUED)

v) issued 2,633,314 units at a price of $0.15 per unit for gross proceeds of $394,997, of which $100,000 was settled against an accounts payable balance owing. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one common share at a price of $0.20, expiring on or before May 26, 2025. The Company incurred share issuance costs of $28,814 in connection with the financing.

vi) issued 129,170 common shares pursuant to exercise of broker's warrants for proceeds of $12,917 and accordingly allocated $10,397 from contributed surplus to share capital.

Stock options

The Company adopted an equity settled stock option plan ("Plan") where it would be authorized to grant options to directors, officers, consultants and employees of the Company. The number of options granted under the Plan is limited to 10% of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant of the options and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant of the options. The exercise price of options granted under the Plan may not be less than the discounted market price (as that term is defined in the policies of the stock exchange) of the Company's common shares at the date the options are granted. Options granted under the Plan have a maximum term of five years, are non-transferable and expire within 90 days of termination of employment or holding office as a director, officer, employee or consultant of the Company and in the case of death, expire within one year thereafter. The options generally vest on the date of grant, however, the Board of Directors may specify a vesting period on a grant-by-grant basis.

During the period ended September 30, 2024, the Company granted 300,000 stock options to a director of the Company, exercisable at a price of $0.15 per option, expiring on January 10, 2029. The estimated fair value of these options was $21,200. The options vested immediately.

During the year ended December 31, 2023, the Company granted 600,000 stock options to directors and officers of the Company, exercisable at a price of $0.15 per option, expiring on February 15, 2028. The estimated fair value of these options was $93,800. The options vested immediately.

Stock option transactions are summarized as follows:

	Number of Stock Options	**Weighted Average Exercise Price**
Balance at December 31, 2022	750,000	$ 0.10
Granted	600,000	0.15
Balance at December 31, 2023	1,350,000	0.12
Granted	300,000	0.15
Expired/cancelled	(750,000)	0.10
Balance at September 30, 2024	**900,000**	**$ 0.15**

Expressed in Canadian Dollars

5. SHARE CAPITAL (CONTINUED)

Stock options (continued)

As of September 30, 2024, the following stock options were outstanding:

Expiry Date	Number of Options	Exercise price	Number of options exercisable
February 15, 2028	600,000	$0.15	600,000
January 10, 2029	300,000	$0.15	300,000
	900,000		900,000

The weighted average remaining life of the stock options is 3.68 years (2023 – 2.15 years).

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during:

	Period ended September 30, 2024	Year ended December 31, 2023
Risk-free interest rate	3.36%	3.43%
Expected life of options	5 years	5 years
Expected annualized volatility	150%	150%
Expected dividend rate	-	-

Expected annualized volatility is based on comparative peer companies historical share price.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2022	350,340	$ 0.10
Granted	6,941,814	0.17
Exercised	(1,263,170)	0.15
Balance at December 31, 2023	6,028,984	0.17
Expired/cancelled	(21,000)	0.20
Balance at September 30, 2024	**6,007,984**	**$ 0.17**

As of September 30, 2024, the following warrants were outstanding:

Expiry Date	Number of Warrants	Exercise price
January 28, 2025	221,170	$0.10
February 9, 2025	3,387,500	$0.15
May 26, 2025	2,399,314	$0.20
	6,007,984	

The weighted average remaining life of the warrants is 0.48 years (2023 – 1.48 years).

Expressed in Canadian Dollars

5. SHARE CAPITAL (CONTINUED)

Warrants (continued)

The following weighted average assumptions were used for the Black-Scholes valuation of brokers warrants granted during the period ended September 30, 2024 and 2023:

	2024	2023
Risk-free interest rate	-	4.08%
Expected life of broker warrants	-	1 years
Expected annualized volatility	-	191.85%
Expected dividend rate	-	-

Expected annualized volatility is based on comparative peer company's historical share price.

6. CAPITAL MANAGEMENT

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, which mainly consists of its share capital and contributed surplus, and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended September 30, 2024.

7. FINANCIAL INSTRUMENTS AND RISK

Fair values

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As at September 30, 2024				
Cash	$ 15,869	$ 15,869	-	-
As at December 31, 2023				
Cash	$ 4,234	$ 4,234	-	-

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

7. FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. The receivables include subscription receivables of $25,000 (December 31, 2023 - $40,000). The maximum exposure to credit risk is the aggregate carrying amount of cash and receivables. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2024 the Company had a cash balance of $15,869 (December 31, 2023 - $4,234) to settle accounts payable and accrued liabilities of $569,723 (December 31, 2023 - $333,425). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short-term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

a) <u>Interest rate risk</u>
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds non-interest bearing debt.

b) Foreign currency risk
As at September 30, 2024 and 2023, the Company was not exposed to foreign currency risk.

c) <u>Price risk</u>
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations may be significant. Much of this is out of the control of management and will be dealt with based on circumstances at any given time.

8. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of exploration and evaluation assets. There is $34,750 (December 31, 2023 - $Nil) of long term assets in Canada and $1,452,520 (December 31, 2023 - $1,401,035) of long term assets in USA.

9. RELATED PARTY TRANSACTIONS

Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and Board of Director members.

During the period ended September 30, 2024, the Company:

i) paid or accrued management fees of $36,000 (2023 - $30,000) to a company controlled by an officer of the Company.

ii) paid or accrued management of $121,500 (2023 - $80,000) to companies controlled by an officer of the Company.

iii) recorded $21,200 (2023 - $93,800) in share-based compensation related to options granted to a director of the Company.

Included in accounts payable and accrued liabilities at September 30, 2024 is $193,075 (December 31, 2023 - $29,500) owed to companies controlled by a director and an officer of the Company.