FORTY PILLARS MINING CORP.

Financial Statements

For the Years Ended February 28, 2023 and 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Forty Pillars Mining Corp.

Opinion

We have audited the accompanying financial statements of Forty Pillars Mining Corp. (the "Company"), which comprise the statements of financial position as at February 28, 2023 and 2022, and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that as at February 28, 2023, the Company had a working capital deficit of $269,292, had not yet achieved profitable operations and has an accumulated deficit of $1,372,022. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters ("KAMs") are those matters that in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 5 to the financial statements, the carrying amount of the Company's E&E Assets was $3,745,842 as of February 28, 2023. As more fully described in Note 3 to the financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's rights to explore E&E Assets including confirmation request to optionor to ensure good standing of agreement.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carmen Newnham.

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

June 27, 2023

FORTY PILLARS MINING CORP.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	February 28, 2023	February 28, 2022
		$	$
ASSETS			
Current assets			
Cash		981	144,418
Amounts receivable		47,602	34,064
Investments	6	9,252	402,210
Prepaids		982	27,500
		58,817	608,192
Exploration and evaluation assets	4,5	3,745,842	3,680,790
		3,804,659	**4,288,982**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	328,109	148,243
		328,109	148,243
Promissory note	5,7	1,834,386	1,758,841
		2,162,495	1,907,084
SHAREHOLDERS' EQUITY			
Share capital	8	2,625,039	2,610,039
Reserves	7	389,147	340,308
Deficit		(1,372,022)	(568,449)
		1,642,164	2,381,898
		3,804,659	**4,288,982**

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors on June 27, 2023

/s/ Nader Vatanchi
Nader Vatanchi
Director

/s/ Emma Fairhurst
Emma Fairhurst
Director

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

FORTY PILLARS MINING CORP.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Years ended February 28, 2023	2022
		$	$
Expenses			
Advertising and promotion		63,232	30,500
Consulting fees	9	30,367	223,750
Filing and listing fees		13,734	214,477
Interest expense	7	194,384	79,601
Management and director fees	9	90,000	113,750
Office and general		11,000	20,493
Professional fees	9	82,383	68,540
Share-based compensation	8,9	-	106,153
Operating expenses		(485,100)	(857,264)
Unrealized (loss) gain on fair value of investments	6	(257,958)	202,210
Realized loss on investments	6	(60,515)	-
Loss before income taxes		**(803,573)**	**(655,054)**
Deferred tax recovery	11	-	86,605
Net loss and comprehensive loss for the year		(803,573)	(568,449)
Basic and diluted loss per common share		(0.05)	(0.07)
Weighted average number of common shares outstanding		14,643,822	7,907,953

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

FORTY PILLARS MINING CORP.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended February 28, 2023	2022
	$	**$**
Cash flows used in operating activities		
Net loss for the year	(803,573)	(568,449)
Items not affecting cash:		
Accrued interest expense	194,384	79,601
Deferred tax recovery	-	(86,605)
Share-based compensation	-	106,153
Unrealized loss (gain) on fair value of investments	257,958	(202,210)
Realized loss on investments	60,515	-
Changes in non-cash working capital:		
Amounts receivable	(13,538)	(34,064)
Prepaids	26,518	(27,500)
Accounts payable and accrued liabilities	179,866	142,286
	(97,870)	(590,788)
Cash flows provided by (used in) investing activities		
Exploration and evaluation assets	(50,052)	(1,222,914)
Cash acquired on plan of arrangement	-	66,894
Purchase of investments	-	(200,000)
Sale of investments	74,485	-
	24,433	(1,356,020)
Cash flows (used in) provided by financing activities		
Shares issued for cash	-	2,100,000
Share issuance costs	-	(8,775)
Debt repayment	(70,000)	-
	(70,000)	2,091,225
Change in cash during the year	(143,437)	144,417
Cash, beginning of year	144,418	1
Cash, end of year	**981**	**144,418**

Supplemental cash flow information (Note 10)

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

FORTY PILLARS MINING CORP.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of common shares	Share Capital	Reserves – Share-based payments	Reserves – Capital Contribution	Total Reserves	Deficit	Total
		$	$	$	$	$	$
Balance, February 28, 2021	**1**	**1**	**-**	**-**	**-**	**-**	**1**
Cancellation of incorporation share	(1)	(1)	-	-	-	-	(1)
Shares issued per plan of arrangement	3,242,589	518,814	-	-	-	-	518,814
Shares issued for cash	11,250,000	2,100,000	-	-	-	-	2,100,000
Share issuance costs	-	(8,775)	-	-	-	-	(8,775)
Share-based compensation	-	-	106,153	-	106,153	-	106,153
Capital contribution				234,155	234,155		234,155
Net loss for the year	-	-	-	-	-	(568,449)	(568,449)
Balance, February 28, 2022	**14,492,589**	**2,610,039**	**106,153**	**234,155**	**340,308**	**(568,449)**	**2,381,898**
Shares issued for exploration and evaluation assets	200,000	15,000	-	-	-	-	15,000
Gain on modification of debt	-	-	-	48,839	48,839	-	48,839
Net loss for the year	-	-	-	-	-	(803,573)	(803,573)
Balance, February 28, 2023	**14,692,589**	**2,625,039**	**106,153**	**282,994**	**389,147**	**(1,372,022)**	**1,642,164**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Forty Pillars Mining Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) ("BCBCA") on February 4, 2021. The address of its head office is located at Suite 488-625 Howe Street, Vancouver, British Columbia, Canada V6C 2T6. The Company's registered and records office is 400 – 725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5.

The Company was created to facilitate an Arrangement Agreement dated April 1, 2021 ("Arrangement Agreement") with Origen Resources Inc. ("Origen"). In accordance with the Arrangement Agreement, the Company was incorporated as a wholly-owned subsidiary of Origen. Origen transferred its mineral exploration business and other assets to the Company in exchange for 3,242,589 common shares. The common shares were then distributed to Origen and the shareholders of Origen. The exchange in shares for the exploration business and other assets has been recorded as a capital transaction at the fair value of the net assets received. See Note 4.

On May 31, 2021, the Company was listed on the Canadian Securities Exchange ("CSE") under the symbol PLLR.

The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. As at February 28, 2023, the Company had a working capital deficit of $269,292, had not yet achieved profitable operations and has an accumulated deficit of $1,372,022 since its inception. The Company expects to incur further losses in the development of its business. All of these circumstances comprise a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. If the going concern assumption were not appropriate for these financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

The following is the Company's accounting policy for financial assets and liabilities:

Financial assets:

The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (FVTOCI"), or at amortized cost.

The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of loss and comprehensive loss in the period. The Company has classified its investments at FVTPL.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment. The Company has classified its cash and amounts receivables at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Financial liabilities at FVTPL: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Financial liabilities at amortized cost: This category includes accounts payable and promissory note which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at FVTPL are recognized in the statement of loss and comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

Exploration and evaluation assets

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditures are depreciated over the expected productive life of the asset. Costs for a producing asset are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for exploration and evaluation assets is carried out on a project-by-project basis, with each project representing a single cash generating unit. At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that these assets are impaired. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomical;
- Title to the asset is compromised;
- Fluctuations in the metal prices render the project uneconomical;
- Variation in the currency of operations;
- Threat to political stability in the country of operation; and
- Further exploration is neither budgeted or planned.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

From time to time, the Company may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from their disposition thereof.

When entitled, the Company records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Company is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives 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.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss except to the extent of a previously recognized impairment charge. 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 periods. A reversal of an impairment loss is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provision for environmental rehabilitation

The Company recognizes the liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets in the period when the liability arises. The net present value of future rehabilitation costs is capitalized to the long-lived asset to which it relates 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 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 the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company has no known restoration, rehabilitation or environmental costs related to its exploration and evaluation assets.

Valuation of equity units issued in private placements

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral 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 assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

Share-based compensation

The Company uses the fair value-based method for measuring compensation costs. The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the stock options, agent's options and warrants currently issued were anti-dilutive for the years ended February 28, 2023 and 2022.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable relating to previous years.

Deferred tax is recognized in respect to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Significant judgements, estimates and assumptions

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Significant assumptions about the future and other sources of estimation uncertainty that management has made relate to, but are not limited to, the following:

- The fair value of the exploration and evaluation properties transferred in the plan of arrangement. Management estimated the fair value of the exploration and evaluation assets transferred which formed the value recorded on completion of the transaction.
- The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- The carrying value of investments which includes publicly traded common shares which are valued using a quoted share price and non-traded warrants of a publicly traded company using the Black-Scholes option pricing model as a measurement of fair value.
- Inputs used in the Black-Scholes option pricing model used to determine the fair value of stock options.

The most significant judgments in applying the Company's financial statements include, but are not limited to, the following:

- The conclusion that the plan of arrangement was an acquisition of assets and not a business combination.
- The conclusion that the promissory note issued to a significant shareholder was a below-market rate loan with the benefit recorded as a capital contribution within equity.

Accounting standards issued but not yet applied

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Company anticipates that these amendments will not have a material impact on the results of operations and financial position of the Company.

(Expressed in Canadian Dollars)

4. PLAN OF ARRANGEMENT

The Company entered into an Arrangement Agreement dated April 1, 2021, under the BCBCA with its former parent company, Origen. The Arrangement Agreement was completed on May 21, 2021. Pursuant to the Arrangement Agreement, Origen completed a share reorganization and spun out its Silver Dollar Property, Beatrice Property and $66,894 in cash in exchange for 3,242,589 common shares of the Company. The Company recognized net assets received at fair value which was based on the concurrent private placement share price.

	$
Consideration:	
3,242,589 common shares of the Company at $0.16 per share	518,814
Fair value of consideration paid	518,814
Allocated to fair value of net assets as follows:	
Cash	66,894
Exploration and evaluation assets (Note 5)	451,920
Total net assets acquired	518,814

5. EXPLORATION AND EVALUATION ASSETS

As at February 28, 2023 and 2022, the Company has capitalized the following acquisition, exploration and evaluation costs on its mineral properties:

	Silver Dollar $	Beatrice $	Wishbone $	Total $
Acquisition Costs				
Opening, February 28, 2021	**-**	**-**	**-**	**-**
Arrangement Agreement	434,040	17,880	-	451,920
Additions	-	-	3,140,089	3,140,089
Balance, February 28, 2022	**434,040**	**17,880**	**3,140,089**	**3,592,009**
Additions:				
Cash acquisition costs	-	-	50,000	50,000
Share acquisition costs	-	-	15,000	15,000
Balance, February 28, 2023	**434,040**	**17,880**	**3,205,089**	**3,657,009**
Exploration and Evaluation Costs				
Opening, February 28, 2021	**-**	**-**	**-**	**-**
Field work	30,092	-	-	30,092
Geological	37,790	-	3,875	41,665
Reporting and other	17,024	-	-	17,024
Balance, February 28, 2022	**84,906**	**-**	**3,875**	**88,781**
Reporting and other	-	52	-	52
Balance, February 28, 2023	**84,906**	**52**	**3,875**	**88,833**
Balance, February 28, 2022	**518,946**	**17,880**	**3,143,964**	**3,680,790**
Balance, February 28, 2023	**518,946**	**17,932**	**3,208,964**	**3,745,842**

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Silver Dollar Property, British Columbia

On May 21, 2021, the Company acquired the Silver Dollar Property as part of the Arrangement Agreement (Note 4).

The Company owns a 100% interest in the Silver Dollar Property, located in the Revelstoke Mining District of British Columbia, subject to an existing 1.0% net smelter return ("NSR") royalty held by Happy Creek Minerals Ltd., beginning upon commencement of commercial production on the property.

As part of the Arrangement Agreement, the Company received $66,894 to be applied to the required assessment requirements to keep the property in good standing. As at February 28, 2022, the Company had incurred the necessary exploration expenditures.

Beatrice Mineral Property, British Columbia

The Company acquired 100% of the Beatrice Mineral Property as part of the Arrangement Agreement (Note 4). The Beatrice Property is located to the south of the Silver Dollar Property.

Wishbone Property

On October 4, 2021, the Company entered into a Sale and Assignment Agreement (the "Agreement") with Origen to acquire an option to acquire 100% interest to 10 mineral claims located in the Liard Mining Division in British Columbia (the "Wishbone Property"). The Wishbone Property is subject to a 1% NSR Royalty. The Company also granted a 1% NSR to Origen. Half of the NSR (0.5%) can be purchased prior to commercial production for $1,000,000. The Company can acquire the property by:

- Paying total cash consideration of $3,000,000, of which $1,000,000 was paid in cash and $2,000,000 was paid in the form of a promissory note with a 3-year term, bearing interest at 5% per annum, with interest payable monthly (Note 7).
- Reimbursing Origen $140,089 for airborne survey costs incurred (paid); and
- Making the remaining share issuances and cash payments under the original property agreement, being:
    - 200,000 common shares (issued and valued at $15,000) and $50,000 cash (paid) by May 29, 2022; and
    - 200,000 common shares and $50,000 cash by May 29, 2023. As at February 28, 2023, the Company is in negotiations with Origen to amend the Agreement; and
    - Advance royalty payments of $10,000 cash commencing on May 29, 2024 until the commencement of commercial production.

Subsequent to February 28, 2023, the Company began negotiations on an agreement whereby Origen plans to repurchase the Wishbone Property in exchange for extinguishment of the promissory note. The transaction is expected to close in the second quarter of the year ended February 29, 2024.

(Expressed in Canadian Dollars)

6. INVESTMENTS

The movements in investments during the years ended February 28, 2023 and 2022 are summarized as follows:

	Common Shares $	Share Purchase Warrants $	Total Investments $
Balance, February 28, 2021	**-**	**-**	**-**
Additions, cost	200,000	-	200,000
Revaluation gain	70,000	132,210	202,210
Balance, February 28, 2022	**270,000**	**132,210**	**402,210**
Disposals	(74,485)	-	(74,485)
Realized loss	(60,515)	-	(60,515)
Revaluation loss	(135,000)	(122,958)	(257,958)
Balance, February 28, 2023	**-**	**9,252**	**9,252**

Alpha Copper Corp. (CAVU Energy Metals Corp.)

During the year ended February 28, 2022, the Company acquired 500,000 units of CAVU Energy Metals Corp. ("CAVU") at a price of $0.40 per unit totaling $200,000. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant is exercisable into a common share at an exercise price of $0.60 until January 21, 2024. On initial recognition, no value was attributed to the share purchase warrants.

On December 19, 2022, CAVU was acquired by Alpha Copper Corp. ("ALCU") pursuant to a plan of arrangement. As a result, each holder of a common share of CAVU received 0.7 common share of ALCU. Warrants of CAVU were also exchanged for ALCU warrants based on the 0.7 exchange ratio.

As at February 28, 2023, the ALCU warrants were valued using the Black-Scholes option pricing model with the following inputs: expected life – 0.90 years; risk-free rate of 4.21%, stock price of $0.22; exercise price of $0.86; and volatility of 122%. As at February 28, 2022, the CAVU warrants were valued using the Black-Scholes option pricing model with the following inputs: expected life – 1.90 years; risk-free rate of 1.45%, stock price of $0.54; exercise price of $0.60; and volatility of 100%.

During the year ended February 28, 2023, and prior to the acquisition of CAVU by ALCU, the Company sold 500,000 (2022 – nil) common shares of CAVU for net proceeds of $74,485 (2022 - $nil) and recorded a realized loss on investments of $60,515 (2022 - $nil).

As at February 28, 2023, the Company held nil common shares and 350,000 warrants of ALCU. As at February 28, 2022, the Company held 500,000 common shares and 500,000 warrants of CAVU.

(Expressed in Canadian Dollars)

7. PROMISSORY NOTE

	$
Balance, February 28, 2021	**-**
Additions	1,679,240
Interest	79,601
Balance, February 28, 2022	**1,758,841**
Gain on debt modification	(48,839)
Debt repayment	(70,000)
Interest	194,384
Balance, February 28, 2023	**1,834,386**

On October 4, 2021, as part of the Agreement with Origen to acquire the Wishbone Property the Company issued a promissory note for $2,000,000, bearing interest at 5% per annum and maturing on October 4, 2024. As Origen is a significant shareholder of the Company, the Company determined that a below-market interest rate was provided. The Company fair valued the loan at $1,679,240 using a 6% discount rate, which represented the difference between the market interest rate of 11% and the promissory note interest rate of 5%. The difference between the initial fair value and the face value of the promissory note of $320,760 ($234,155 net of tax effect) was treated as a capital contribution to the Company from Origen, since Origen is a significant shareholder of the Company. The promissory note will be accreted to its face value over the term of the note at an effective interest rate of 5.70%.

On October 14, 2022, the Company entered into a loan reduction agreement with Origen. Pursuant to the terms of the agreement, the Company paid Origen $70,000 to reduce the principal of the promissory note by $140,000. A new promissory note was signed for the principal amount of $1,860,000 with all other terms and conditions being the same. During the year ended February 28, 2023, the Company recorded a gain on debt modification of $48,839 (2022 - $nil) to capital contributions in reserves.

During the year ended February 28, 2023, accretion expense of $97,056 (2022 - $38,870) has been included in interest expense on the statements of loss and comprehensive loss.

8. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value

Share consolidation

On February 22, 2022, the Company completed a share consolidation on a 2 for 1 basis. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the 2 for 1 exchange ratio.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Issued and outstanding

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

- On May 29, 2022, 200,000 common shares were issued pursuant to the Wishbone Property Agreement (Note 5). The shares were fair valued at $15,000.

During the year ended February 28, 2022, the Company had the following share issuances:

- On May 21, 2021, 3,242,589 common shares were issued pursuant to the Arrangement Agreement (Note 4).

- On May 25, 2021, the Company closed a private placement for gross proceeds of $600,000 through the sale of 3,750,000 shares at a price of $0.16 per share.

- On October 28, 2021, the Company closed a private placement for gross proceeds of $1,500,000 through the sale of 7,500,000 units at a price of $0.20 per unit. Each unit comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one additional common share at a price of $0.24 for a 36-month period. The warrants were fair valued at $nil using the residual value method.

Stock Option Plan

The Company has a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of ten years and vest as determined by the board of directors.

Share option transactions are summarized as follows:

	Stock Options \#	Weighted Average Exercise Price $
Balance, February 28, 2021	**-**	**-**
Granted	650,000	0.22
Balance, February 28, 2022	**650,000**	**0.22**
Forfeited	(75,000)	0.22
Balance, February 28, 2023	**575,000**	**0.22**

During the year ended February 28, 2023, the Company did not grant any stock options.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

During the year ended February 28, 2022, the Company granted 650,000 stock options. The stock options vested immediately, have an exercise price of $0.22 per share and expire on May 31, 2026. The stock options were fair valued at $106,153 using the Black-Scholes option pricing model with the following assumptions: expected life – 5 years; risk-free rate of 0.90%, a forfeiture rate of nil; and volatility of 100%.

A summary of the share options outstanding and exercisable at February 28, 2023 is as follows:

Number of Options Outstanding and Exercisable	Exercise Price $	Remaining Life (years)	Expiry Date
575,000	0.22	3.25	**May 31, 2026**

Share purchase warrants

Warrant transactions are summarized as follows:

	Warrants #	Weighted Average Exercise Price $
Balance, February 28, 2021	-	-
Issued	7,500,000	0.24
Balance, February 28, 2022 and 2023	**7,500,000**	**0.24**

A summary of warrants outstanding at February 28, 2023 is as follows

Number of Warrants	Exercise Price $	Remaining Life (years)	Expiry Date
7,500,000	0.24	1.67	**October 28, 2024**

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Escrow shares

On May 25, 2021, the Company entered into an escrow agreement with a shareholder of the Company. 131,540 shares were placed into escrow. These escrow shares will be released as follows:

Date	Amount of Escrowed Shares Released
On the date that the Company's common shares were listed on the CSE, May 31, 2021 (released)	1/10 of the escrow shares
On the date 6 months following the listing date (released)	1/6 of the remainder of the escrow shares
On the date 12 months following the listing date (released)	1/5 of the remainder of the escrow shares
On the date 18 months following the listing date (released)	1/4 of the remainder of the escrow shares
On the date 24 months following the listing date	1/3 of the remainder of the escrow shares
On the date 30 months following the listing date	1/2 of the remainder of the escrow shares
On the date 36 months following the listing date	Remainder of the escrow shares

As at February 28, 2023, 56,190 common shares (2022 – 98,655) remained in escrow.

9. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and certain of the members of the Board of Director. Transactions with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Summary of key management personnel compensation is as follows:

	Year ended February 28, 2023 $	Year ended February 28, 2022 $
Management and director fees [1]	90,000	113,750
Consulting fees[2]	-	50,000
Professional fees[3]	44,447	13,762
Share-based compensation	-	32,662
Total	**134,447**	**210,174**

[1]Management fees consist of fees paid or accrued to the CEO and former CFO.

[2]Consulting fees consist of fees paid or accrued to the CEO.

[3]Professional fees include amounts paid or accrued to a company in which the CFO acted as management.

9. RELATED PARTY TRANSACTIONS (cont'd…)

Accounts payable and accrued liabilities at February 28, 2023, includes $143,427 (2022 - $38,206) owing to directors, officers, or to companies significantly controlled by common directors for unpaid fees and expense reimbursements. All amounts owing are non-interest bearing and incurred in the normal course of business.

During the year ended February 28, 2023, the Company granted nil stock options (2022 - 200,000) to the officers and directors of the Company. Upon the grant, $nil (2022 - $32,662) in share-based compensation expense was recorded.

10. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended February 28, 2023, the Company entered into the following non-cash transaction:

- The Company issued 200,000 common shares with a fair value of $15,000 pursuant to the Agreement for the Wishbone Property.
- A gain on modification of debt for $48,839 was recorded to capital contributions in reserves (Note 7).

During the year ended February 28, 2022, the Company entered into the following non-cash transaction:

- The Company issued 3,242,589 common shares pursuant to the Arrangement Agreement in exchange for the Silver Dollar Property, Beatrice Property and $66,894 in cash.
- The Company issued a promissory note with a face value of $2,000,000 pursuant to the Agreement with Origen for the Wishbone Property.

As at February 28, 2023, $5,956 (2022 - $5,956) of exploration and evaluation asset expenditures were included in accounts payable and accrued liabilities

(Expressed in Canadian Dollars)

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2023 $	2022 $
Loss for the year	(803,573)	(655,054)
Expected income tax (recovery)	(217,000)	(177,000)
Change in statutory rates and other	(39,000)	(3,605)
Permanent differences	43,000	1,000
Share issue costs	(2,000)	(2,000)
Adjustment to prior year provision vs statutory tax return	18,000	-
Change in unrecognized deductible temporary differences	197,000	95,000
Total income tax expense (recovery)	**-**	**(86,605)**

The components of income tax recovery are as follows:

	2023 $	2022 $
Current income tax	-	-
Deferred tax recovery	-	(86,605)
Total income tax recovery	**-**	**(86,605)**

The change for the year in the Company's net deferred tax liability was as follows:

	2023 $	2022 $
Opening balance	-	-
Amount charged to equity	-	86,605
Deferred tax recovery	-	(86,605)
Ending balance	**-**	**-**

The significant components of the Company's deductible temporary differences and unused tax losses that have not been recognized in the statements of financial position are as follows:

	2023 $	Expiry Date Range	2022 $	Expiry date range
Temporary Differences				
Investment tax credit	-	NA	4,000	2041
Property and equipment	239,000	No expiry date	-	NA
Share issue costs	5,000	2046	7,000	2046
Non-capital loss carry forwards	915,000	2043	232,000	2042

Tax attributes are subject to review, and potential adjustment, by tax authorities.

(Expressed in Canadian Dollars)

12. CAPITAL MANAGEMENT

The Company does not have any externally imposed regulatory capital requirements for managing capital. The Company has defined its capital as items within shareholders' equity, as determined at each reporting date.

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or engage in debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support for its projects.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following categories: FVTPL; amortized cost; and FVTOCI. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	February 28, 2023	February 28, 2022
		$	$
Cash	Amortized cost	981	144,418
Investments	FVTPL	9,252	402,210
Accounts payable and accrued liabilities	Amortized cost	(328,109)	(148,243)
Promissory note	Amortized cost	(1,834,386)	(1,758,841)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market-place.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash and accounts payable and accrued liabilities, approximate their fair value due to their short-term nature. The Company's fair value of investments (except for warrants) were based on the quoted market prices of the shares as at February 28, 2023 and was therefore measured using Level 1 inputs. The fair value of the warrants were determined using certain Level 3 inputs, as the Black-Scholes option pricing model incorporates share price volatility. The Company's promissory note is measured as the present value of the discounted future cash flows.

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

a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to financial instruments is remote.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. As at February 28, 2023, the Company had a cash balance of $981 to settle current liabilities of $328,109 and is subject to liquidity risk (Note 1).

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity prices. These fluctuations may be significant.

- Interest rate risk
  Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does not believe it is currently subject to any significant interest rate risk.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

- Price risk

  The Company is exposed to price risk with respect to commodity prices. 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, and the stock market to determine the appropriate course of action to be taken by the Company.

14. SEGMENTED INFORMATION

As at February 28, 2023, the Company currently operates in one segment, being the acquisition and exploration and evaluation of resource assets located in Canada as described in Note 5.