CARMANAH MINERALS CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MAY 31, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Carmanah Minerals Corp.

Opinion

We have audited the financial statements of Carmanah Minerals Corp. (the "Company"), which comprise the statements of financial position as at May 31, 2023 and 2022, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of $608,258 during the year ended May 31, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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 identified above 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 International Financial Reporting Standards, 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

October 2, 2023

CARMANAH MINERALS CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	As at May 31, 2023	As at May 31, 2022
		$	$
ASSETS			
Current Assets			
Cash		288,574	17,425
Prepaid	4	85,331	10,000
Sales tax receivable		27,629	1,387
		401,534	28,812
Exploration and evaluation assets	5	259,480	40,000
TOTAL ASSETS		661,014	68,812
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	6, 10	44,739	104,467
Liabilities		44,739	104,467
Shareholders' Equity			
Share capital	7	1,071,158	90,002
Reserves	8,9	279,032	10,400
Deficit		(733,915)	(136,057)
		616,275	(35,655)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		661,014	68,812

Nature of operations and going concern (note 1)
Subsequent events (note 14)

Approved on behalf of the Board of Directors

"Fraser Rieche" — Director

"Jordan Smith" — Director

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

(Expressed in Canadian Dollars)

	Note	Year ended May 31,2023	Year ended May 31, 2022
		$	**$**
OPERATING EXPENSES			
Consulting fees		**139,300**	3,150
Exploration and evaluation	5	**88,132**	10,638
Filing fees		**28,585**	6,721
Investor relations		**7,500**	-
Impairment of exploration and evaluation asset	5	**80,000**	-
Office and other		**16,074**	1,375
Management fees	10	**37,000**	15,000
Professional fees	10	**55,806**	68,716
Share based payments	10	**154,021**	10,400
Travel		**1,840**	-
Total expenses		**608,258**	**115,998**
NET COMPREHENSIVE LOSS		**(608,258)**	**(115,998)**
BASIC AND DILUTED LOSS PER SHARE		**(0.03)**	**(0.02)**
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – basic and diluted		**19,758,385**	**5,100,051**

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

CARMANAH MINERALS CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Common Shares				
	Number of shares	**Amount**	**Reserves**	**Accumulated Deficit**	**Total**
		$	**$**	**$**	**$**
Balance at May 31, 2021	**5,100,051**	**90,002**	**-**	**(20,059)**	**69,943**
Share based payments	-	-	10,400	-	10,400
Comprehensive loss	-	-	-	(115,998)	(115,998)
Balance at May 31, 2022	**5,100,051**	**90,002**	**10,400**	**(136,057)**	**(35,655)**
Shares issued for cash	14,083,334	1,075,000	-	-	1,075,000
Shares issued for property	1,125,000	96,000	-	-	96,000
Share issue costs-cash	-	(135,814)	-	-	(135,814)
Share issue costs-finders warrants	-	(54,030)	54,030		-
Share based payments	-	-	154,021	-	154,021
Warrants issued for mineral property	-	-	70,981	-	70,981
Options expired	-	-	(10,400)	10,400	-
Comprehensive loss	-	-	-	(608,258)	(608,258)
Balance at May 31, 2023	**20,308,385**	**1,071,158**	**279,032**	**(733,915)**	**616,275**

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

(Expressed in Canadian Dollars)

	Note	Year ended May 31, 2023	Year ended May 31, 2022
		$	$
OPERATING ACTIVITIES			
Net loss		(608,258)	(115,998)
Adjustments for items not affecting cash			
Share based payment		154,021	10,400
Impairment of exploration and evaluation asset	5	80,000	
Change in non-cash working capital items			
Prepaid expenses		(75,331)	(4,999)
Other receivables		(26,242)	11,274
Trade payables and accrued liabilities		(59,728)	84,974
Cash used in operating activities		(535,538)	(14,349)
INVESTING ACTIVITIES			
Investment in exploration and evaluation assets		(132,500)	(40,000)
Cash used in financing activities		(132,500)	(40,000)
FINANCING ACTIVITIES			
Proceeds from issuance of shares		1,075,000	-
Share issue costs		(135,814)	-
Cash provided by financing activities		939,186	-
Change in cash		271,149	(54,349)
Cash – beginning		17,425	71,774
Cash – ending		288,574	17,425

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Carmanah Minerals Corp. ("Carmanah" or the "Company") was incorporated on October 30, 2020 under the British Columbia Corporations Act of the Province of British Columbia. On June 27, 2022, the Company's shares began trading on the Canadian Securities Exchange (the "CSE") under the symbol "CARM".

The address of the Company and the registered office is 1100 - 1111 Melville Street, Vancouver, British Columbia V6E 3V6. The address of the records office is 200-3310 South Service Road, Burlington, Ontario L7N 3M6.

The Company is in the exploration stage and its principal business activity is the exploration and evaluation of mineral properties in Canada. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. As at May 31, 2023, the Company has not yet determined whether its interest in the mineral property contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

The Company's financial statements for the year ended May 31, 2023 have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. For the year ended May 31, 2023, the Company incurred a net comprehensive loss of $608,258. As at May 31, 2023, it had an accumulated deficit of $733,915 which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values are dependent upon obtaining additional financing sufficient to cover its operating costs.

Although management is currently seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Statement of Compliance and Basis of Presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were approved and authorized for issuance by the Board of Directors on October 02, 2023.

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The functional and presentation currency of the Company is the Canadian dollar.

2. SIGNIFICANT ACCOUNTING POLICIES

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party when there is a transfer of resources or obligations between related parties.

Current and Deferred Income Taxes

<u>Current Income Tax</u>

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current and Deferred Income Taxes (continued)

Deferred Income Tax

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Exploration and Evaluation Assets

Exploration and evaluation properties consist of payments to acquire property rights. Property acquisition costs are capitalized. Exploration and evaluation costs are expensed to the statement of comprehensive loss in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent costs are capitalized into development assets.

Development costs incurred on a mineral property are deferred once management has determined based on a feasibility study that a property is capable of economical commercial production as a result of having established proven and probable reserves. Developmental costs are carried at cost less accumulated depletion and accumulated impairment charges. Exploration costs incurred prior to determining a property has economically recoverable resources are expensed as incurred.

At each reporting period, the Company assesses whether there is an indication that the exploration and evaluation assets may be impaired. When impairment indicators exist, or when the decision to proceed with a particular project is taken based on its technical and commercial viability, the Company estimates the recoverable amount of exploration and evaluation asset and compares it against the carrying amount. The recoverable amount is the higher of the fair value less cost of disposal and the exploration and evaluation asset's value in use. If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the statement of comprehensive loss for the period. In calculating the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the exploration and evaluation asset. The cash flows are based on the best estimate of expected future cash flows from the continued use of the exploration and evaluation asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration and Environmental Obligations

The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration 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.

As at May 31, 2023, the Company had not recognized any provisions for restoration and environmental obligations.

Impairment of Assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled, share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The fair value of the options is measured at the grant date using the Black-Scholes option pricing model. The fair value is recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are satisfied with a corresponding increase in equity. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. Non-market vesting conditions are considered in making assumptions about the number of awards that are expected to vest. When the options are exercised, any proceeds received are credited to share capital along with the amount reflected in contributed surplus.

Loss per Share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Share Capital

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to common shares issued in the private placements at their fair value as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as warrants in shareholders' equity. Share issue costs are netted against share proceeds.

Financial Instruments

Financial instruments are accounted for in accordance with IFRS 9 "Financial Instruments: Classification and Measurement". A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another equity.

Financial Assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.
only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. The Company measures cash at FVTPL.

Impairment of Financial Assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities required to be measured at FVTPL or if the Company has opted to measure them at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade payables are measured at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these audited financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These audited financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

i. The determination of fair values of share-based payments and finder's warrants; and the measurement of deferred income tax assets and liabilities.
ii. The determination of the fair value of amounts receivable.

Significant accounting judgments

i. The evaluation of the Company's ability to continue as a going concern
ii. The determination whether there have been any events or changes in circumstances that indicate the impairment of its exploration and evaluation assets

4. PREPAID EXPENSES

	May 31, 2023	**May 31, 2022**
	$	**$**
Financing fees	-	10,000
Consulting	69,000	-
Management fees	4,500	-
Marketing	11,831	-
	85,331	**10,000**

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Property acquisition costs

	Loljuh Property $	Walker Property $	Hare Hill Pluton Property $	Total $
Balance, May 31, 2021	-	-	-	-
Additions	40,000	-	-	40,000
Balance, May 31, 2022	40,000	-	-	40,000
Additions	40,000	143,771	115,709	299,480
Impairment	(80,000)	-	-	(80,000)
Balance, May 31, 2023	-	143,771	115,709	259,480

Mineral exploration costs

	Year ended May 31, 2023 $	Year ended May 31, 2022 $
Consulting	60,000	-
Geology	4,569	8,272
Geophysics	23,563	-
Travel	-	2,364
	88,132	10,636

Loljuh Project

On February 16, 2021, the Company entered into a property option agreement to acquire 100% interest in the Loljuh Property from Fred Antonio Tejada (the “Optionor”). The property is located in Northern British Columbia.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

As part of the agreement, the Company is required to make cash payments and make exploration expenditures as follows:

Payment period	Expenditures	Cash Payments
On execution of the Option Agreement ("Closing Date")	Nil	$40,000 (paid)
On or before 18 months following the Closing Date	Nil	$40,000 (Settled for $32,500 cash & 7,500 common shares)
On or before 30 months following the Closing Date	$100,000	$40,000
On or before 42 months following the Closing Date	$200,000	$60,000
On or before 54 months following the Closing Date	$300,000	$60,000
On or before 66 months following the Closing Date	$400,000	$60,000
TOTAL	**$1,000,000**	**$300,000**

Upon the Company delivering the Optionor a notice confirming the satisfaction of $1,000,000 of expenditures and $300,000 payment, the Company has 90 days to pay the Optionor a further $1,500,000 to acquire 100% interest of the Loljuh Property. The Company may elect to satisfy up to 50% ($750,000) of the option exercise in the issuance of common shares.

The Loljuh Property has a 2% Net Smelter Royalty that can be acquired by the Company for $2,000,000.

During the year ended May 31, 2023 the Company tested the property for impairment and recognized an impairment charge of $80,000, reducing the carrying amount to $nil. On August 26, 2023, the Company terminated the Loljuh property option agreement.

Walker Project

On October 5, 2022, the Company entered into a property option agreement to acquire 50% interest of the Walker Creek Claims from Marvel Discovery Corp. ("Marvel"). The property is located in the Athabasca Basin, Saskatchewan.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSET (continued)

As part of the agreement, the Company is required to make cash payments and make exploration expenditures as follows:

Payment period	**Expenditures**	**Cash Payments**
On execution of the Option Agreement ("Closing Date")	Nil	$10,000 (Paid)
On or before 90 days following the Closing Date	Nil	$40,000 (Paid)
On or before the first anniversary of the Closing Date	$187,500	$75,000
On or before the second anniversary of the Closing Date	$375,000	$75,000
On or before the third anniversary of the Closing Date	$937,500	$100,000
On or before the fourth anniversary of the Closing Date	Nil	$100,000
TOTAL	**$1,500,000**	**$400,000**

In addition, the company is required to issue common shares and share purchase warrants as follows:

Payment period	**Shares**	**Warrants**	**Exercise price per Warrant**
On execution of the Option Agreement ("Closing Date")	500,000 (Issued)	500,000 (Issued)	$0.13
On or before the first anniversary of the Closing Date	750,000	750,000	30% premium of Market Value at the date of issuance
On or before the second anniversary of the Closing Date	750,000	750,000	30% premium of Market Value at the date of issuance
On or before the third anniversary of the Closing Date	1,000,000	1,000,000	30% premium of Market Value at the date of issuance
On or before the fourth anniversary of the Closing Date	500,000	500,000	30% premium of Market Value at the date of issuance
TOTAL	**3,500,000**	**3,500,000**	

The Walker Creek Property is subject to a 2% Net Smelter Royalty.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSET (continued)

Hare Hill Project

On February 15, 2023, the Company entered into a property acquisition agreement to acquire a 100% interest in the Hare Hill Pluton claims from 1254883 B.C. Ltd. The property is located in Newfoundland.

Pursuant to the agreement, the Company is required to make cash payments as follows:

Payment period	Cash Payments
On execution of the Agreement Date	$5,000 (paid)
On or before 45 days following the Agreement Date	$45,000 (paid)
On or before the second anniversary of the Agreement Date	$50,000
On or before the third anniversary of the Agreement Date	$80,000
TOTAL	**$180,000**

In addition, the Company is required to issue common shares and share purchase warrants as follows:

Payment period	Shares	Warrants	Exercise price per Warrant
On or before 15 days of the Agreement Date	550,000 (Issued)	550,000 (Issued)	$0.075
On or before the second anniversary of the Closing Date	650,000	650,000	25% premium of Market Value at the date of issuance
On or before the third anniversary of the Closing Date	800,000	800,000	25% premium of Market Value at the date of issuance
TOTAL	**2,000,000**	**2,000,000**	

The Hare Hill Pluton Property is subject to a 2.5% Net Smelter Royalty of which 1% can be acquired for $1,000,000.

6. TRADE PAYABLES AND ACCRUED LIABILITIES

	May 31, 2023	May 31, 2022
	$	**$**
Trade payables	24,739	37,866
Accrued liabilities	20,000	60,581
	44,739	**104,467**

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

Issued Share Capital

During the year ended May 31, 2023:

On May 9, 2023, the Company issued 550,000 common shares with a fair value of $38,500 pursuant to the mineral property option described in Note 5.

On April 21, 2023, the Company issued 8,333,334 units at a price of $0.06 per unit for gross proceeds of $500,000. Each unit consists of one common share and one common share purchase warrant with one whole share purchase warrant entitling the holder to purchase one common share for $0.10 for a period of twenty-four months. The value of these warrants was estimated to be $nil using the residual method. The Company incurred cash commissions of $13,470 and issued 212,000 finders' warrants in connection with the private placement.

On November 21, 2022, the Company issued 500,000 common shares with a fair value of $50,000 pursuant to the mineral property option described in Note 5.

On September 29, 2022, the Company issued 75,000 common shares with a fair value of $7,500 pursuant to the mineral property option described in Note 5.

On June 27, 2022, the Company issued 5,750,000 shares at a price of $0.10 per share for gross proceeds of $575,000 in connection with its initial public offering. The Company incurred cash commissions of $122,344 and issued 575,000 finders' warrants in connection with the financing.

8. SHARE PURCHASE WARRANTS

The following table summarizes the continuity of the Company's share purchase warrants.

	Number of warrants	Weighted average exercise price $
Balance, May 31, 2021	-	0.00
Issued	-	0.00
Balance, May 31, 2022	-	0.00
Issued	9,383,334	0.10
Balance, May 31, 2023	9,383,334	0.10

(Expressed in Canadian Dollars)

8. SHARE PURCHASE WARRANTS (continued)

As at May 31, 2023, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
500,000	0.13	November 22, 2027
8,333,334	0.10	April 25, 2024
550,000	0.09	May 9, 2025
9,383,334		

In addition, there are 787,000 broker warrants outstanding with 575,000 broker warrants exercisable at $0.10 expiring on June 27, 2024 and 212,000 broker warrants exercisable at $0.10 expiring on April 21, 2025.

The fair values for broker warrants issued during 2023 have been estimated using the Black-Scholes option pricing model assuming the following weighted average assumptions.

	2023	2023
	575,000 warrants	212,000 warrants
Risk-free interest rate	3.16%	3.80%
Expected life (in years)	2	2
Expected volatility	134%	159%
Expected dividend yield	0%	0%
Exercise price	$0.10	$0.10
Share price at date of grant	$0.10	$0.085

Fair values for share purchase warrants issued with respect to mineral property options have been estimated using the Black-Scholes option pricing model assuming the following weighted average assumptions:

	2023	2023
	550,000 warrants	500,000 warrants
Risk-free interest rate	3.80%	3.42%
Expected life (in years)	2	2
Expected volatility	161%	139%
Expected dividend yield	0%	0%
Exercise price	$0.09	$0.13
Share price at date of grant	$0.07	$0.07

(Expressed in Canadian Dollars)

9. STOCK OPTIONS

The Company adopted a stock option plan (the “Plan”) whereby it can grant stock options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time.

The changes in incentive share options outstanding are summarized as follows:

		Weighted average exercise price	Number of shares issued or issuable on exercise
Balance – May 31, 2021	$	-	-
Stock options issued	$	0.10	140,000
Balance – May 31, 2022	$	0.10	140,000
Stock options issued	$	0.10	945,000
Stock options issued	$	0.075	900,000
Stock options forfeited	$	0.01	(140,000)
Balance-May 31, 2023	$	0.09	1,845,000

On July 22, 2022, the Company issued 945,000 stock options to directors and officers of the Company. The options have an exercise price of $0.10 and expire 5 years from the grant date. The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 3.24% per annum, an expected life of options of 5 years, an expected volatility of 136.92%, and no expected dividends. The fair value of the options of $92,000 was recorded as a share-based payment expense.

On May 19, 2023, the Company issued 900,000 stock options to directors and officers of the Company. The options have an exercise price of $0.075 and expire 5 years from the grant date. The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 3.29% per annum, an expected life of options of 5 years, an expected volatility of 148.99%, and no expected dividends. The fair value of the options of $62,000 was recorded as a share-based payment expense.

(Expressed in Canadian Dollars)

9. STOCK OPTIONS (continued)

	Options Outstanding			Options Exercisable	
Exercise Price	**Number of Shares Issuable on Exercise**	**Weighted Average Remaining Life (Years)**	**Weighted Average Exercise Price**	**Number of Shares Issuable on Exercise**	**Weighted Average Exercise Price**
$0.10	945,000	4.14	$0.10	945,000	$0.10
$0.075	900,000	4.97	$0.075	900,000	$0.075
	1,845,000	4.23	$0.10	1,845,000	$0.09

10. RELATED PARTY TRANSACTIONS

Key management personnel include the Company's Board of Directors and members of senior management. The Company's related parties include key management personnel, and companies related by way of directors or shareholders in common. Transactions with related parties for goods and services are made on normal commercial terms.

The remuneration of directors and key management personnel during the year ended May 31, 2023 and 2022 was as follows:

	May 31, 2023	**May 31, 2022**
	$	$
Management	37,000	15,000
Directors	-	2,705
Significant shareholder	23,000	-
Share-based compensation	69,428	10,400
	129,428	**28,150**

As at May 31, 2023, $2,260 (2022-$21,418) in accounts payable was due to related parties. The amount is unsecured non-interest bearing and due on demand.

The Walker property was optioned from Marvel Discovery Corp. which has directors and officers in common with the Company.

(Expressed in Canadian Dollars)

11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard our ability to continue as a going concern in order to support the Company's operations and growth strategies for the benefit of the Company's stakeholders. As the Company is in its development stage, our principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of equity as well as cash and restricted cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and investments.

The Company is not subject to externally imposed capital requirements and our overall strategy with respect to capital risk management remains unchanged during the period presented.

12. INCOME TAXES

A reconciliation of the statutory tax rate to the average effective rate for the period ended May 31, 2023 is as follows:

	2023	2022
Statutory tax rate	27%	27%
	$	$
Loss for the period before income taxes	(608,258)	(115,998)
Expected income tax recovery	(164,230)	(31,319)
Permanent differences and others	(16,570)	8,278
Change in unrecognized deductible temporary differences	180,800	23,041
Income tax recovery	-	-

Significant components of the Company's deferred tax assets are as follows:

	2023	2022
	$	$
Non-capital loses carried forward	137,291	31,041
Exploration and evaluation assets	48,000	3,000
Share issue costs	29,550	-
Total deferred income tax assets	218,841	34,041
Unrecognized deferred income tax assets	(214,841)	(34,041)
Net deferred income tax assets	-	-

The Company has non-capital loss carry forwards of approximately $428,000 which may be carried forward to apply against future income for Canadian tax purposes, subject to the final determination by taxation authorities, expiring between 2041 to 2043.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities

Information regarding the Company's financial assets and liabilities as at May 31, 2023 and 2022 is summarized as follows:

	May 31, 2023	**May 31, 2022**
	$	**$**
Financial Assets		
At amortized cost		
Cash	288,574	17,425
Financial Liabilities		
At amortized cost		
Trade payable and accrued liabilities	44,739	104,467

Financial Instrument Risk Exposure

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

Cash is classified as Level 1. The carrying balance of trade payables approximate their fair value due to their short-term nature.

13. FINANCIAL INSTRUMENTS (continued)

The Company's financial instruments expose it to a variety of financial risk: market risk (including price risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support those operations. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units.

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The Company manages credit risk on liquid financial assets through maintaining its cash with high quality financial institutions.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operations and capital requirements through operating cash flows, as well as future equity and debt financing. As at May 31, 2023, the Company had a cash balance of $288,574 to settle current liabilities of $44,739. The Company's financial liabilities include trade payables which have contractual maturities of 30 days or are due on demand.

Interest Rate Risk
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 interest rate risk on its cash. The interest rate risk on cash is not considered significant due to its short-term nature and maturity.

14. SUBSEQUENT EVENTS

On June 8, 2023, the Company entered into an option agreement to acquire the Baie Verte Brompton projects from Marvel Discovery Corp. (Marvel), and Falcon Gold Corp. (Falcon). Falcon and Marvel jointly hold 1402 claims covering 35,050 hectares located along the Baie Verte Brompton Line in Central Newfoundland. The Company will make cash payments totaling $155,000 over a 4-year period and issue 5 million common shares, and 5 million share purchase warrants exercisable at 10 cents per share for a period of 3 years from the date of issue. (3,000,000 shares to Marvel and cash of $93,000), (2,000,000 shares to Falcon and cash of $62,000). The properties will be subject to a 2.5% NSR (Net Smelter Royalty) of which Carmanah can purchase 1% for $1,000,000. The transaction is a related party transaction as a result of common directors and officers among the three entities. The transaction is subject to TSXV approval as both Marvel and Falcon are listed on the TSXV.

On July 28, 2023, 150,000 common shares were issued pursuant to the exercise of 150,000 share purchase warrants.

14. SUBSEQUENT EVENTS (continued)

On August 26, 2023, the Company terminated the Loljuh property option agreement.