



CARMANAH
MINERALS CORP

CARMANAH MINERALS CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 29, 2024 AND
FEBRUARY 28, 2023**

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

	Note	As at February 29, 2024	As at May 31, 2023
		\$	\$
ASSETS			
Current Assets			
Cash		114,581	288,574
Prepaid		-	85,331
Receivables	5	66,618	27,629
		181,199	401,534
Exploration and evaluation assets	6	594,780	259,480
TOTAL ASSETS		775,979	661,014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	7, 11	48,635	44,739
Liabilities		48,635	44,739
Shareholders' Equity			
Share capital	8	1,251,158	1,071,158
Reserves	9, 10	381,332	279,032
Deficit		(905,146)	(733,915)
		727,344	616,725
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		775,979	661,014

Nature of operations and going concern (note 1)
 Subsequent events (note 13)

Approved on behalf of the Board of Directors

 "Fraser Rieche"
 Director

 "Jordan Smith"
 Director

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

CARMANAH MINERALS CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited, Expressed in Canadian Dollars)

	Note	For the Three Months ended		For the Nine Months ended	
		February 39, 2024	February 28, 2023	February 29, 2024	February 28, 2023
		\$	\$	\$	\$
OPERATING EXPENSES					
Consulting fees		24,800	-	86,100	105,900
Exploration and evaluation	6	2,200	40,164	21,400	51,073
Filing fees		4,081	7,611	11,119	20,123
Office and other		393	2,419	3,023	13,899
Management fees	11	15,000	4,500	27,500	19,000
Professional fees		5,000	5,782	22,089	16,300
Share based payments	9	-	-	-	71,600
Travel		-	-	-	1,840
		51,474	60,476	171,231	299,735
NET COMPREHENSIVE LOSS					
		(51,474)	(60,476)	(171,231)	(299,735)
BASIC AND DILUTED LOSS PER SHARE					
		(0.00)	(0.01)	(0.01)	(0.03)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – basic and diluted					
		21,378,715	10,950,600	21,038,494	10,051,690

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

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

	Common Shares		Reserves	Accumulated Deficit	Total
	Number of shares	Amount			
		\$	\$	\$	\$
Balance at February 28, 2023	11,425,051	568,584	149,300	(435,792)	282,092
Shares issued for cash	8,333,334	500,000	-	-	505,000
Shares issued for property	550,000	38,500	-	-	38,500
Share issue costs-cash	-	(12,696)	-	-	(12,696)
Share issue costs-finders warrants	-	(23,230)	23,230	-	-
Share based payments	-	-	82,421	-	82,421
Warrants issued for mineral property	-	-	34,481	-	70,981
Options expired	-	-	(10,400)	10,400	-
Comprehensive loss	-	-	-	(308,523)	(308,523)
Balance at May 31, 2023	20,308,385	1,071,158	279,032	(733,915)	616,275
Shares issued-exercise of warrants	150,000	15,000	-	-	15,000
Shares issued for property	2,750,000	165,000	-	-	165,000
Warrants issued for mineral property	-	-	102,300	-	102,300
Comprehensive loss	-	-	-	(171,231)	(171,231)
Balance at February 29, 2024	22,458,385	1,251,158	381,332	(905,146)	727,344

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

CARMANAH MINERALS CORP.
STATEMENTS OF CASH FLOWS
(Unaudited, Expressed in Canadian Dollars)

	For the nine Months Ended	
	February 29, 2024	February 28, 2023
	\$	\$
OPERATING ACTIVITIES		
Net loss	(171,231)	(299,735)
Adjustments for items not affecting cash		
Share based payment	-	71,600
Change in non-cash working capital items		
Prepaid expenses	85,331	(24,250)
Other receivables	(38,989)	(15,241)
Trade payables and accrued liabilities	3,896	(70,732)
Cash used in operating activities	(120,993)	(338,358)
INVESTING ACTIVITIES		
Investment in exploration and evaluation assets	(68,000)	(42,500)
Cash used in financing activities	(68,000)	(42,500)
FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	451,882
Proceeds from exercise of warrants	15,000	-
Cash provided by financing activities	15,000	451,882
Change in cash	(173,993)	71,024
Cash – beginning	288,574	17,425
Cash – ending	114,581	88,449

The accompanying notes are an integral part of these condensed interim 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 and records office is 1100 - 1111 Melville Street, Vancouver, British Columbia V6E 3V6.

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 February 29, 2024, 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 three and nine months ended February 29, 2024 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 six months ended November 30, 2023, the Company incurred a net comprehensive loss of \$119,758. As at February 29, 2024, it had an accumulated deficit of \$853,673 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

These condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The financial statements were approved and authorized for issuance by the Board of Directors on April 12, 2024.

These condensed interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed interim 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

The Company's accounting policies are the same as those applied in the Company financial statements for the year ended May 31, 2023.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical Judgments

The following are critical judgments that management has made in the process of applying policies that have the most significant effect on the amount recognized in the financial statements:

Going Concern

The assessment of the Company's ability to continue as a going concern involves critical judgment based on historical experience. Significant judgements are used in the Company's assessment of its ability to continue as a going concern which is described in Note 1.

Exploration and Evaluation Asset

The determination whether there have been any events or changes in circumstances that indicate the impairment of its exploration and evaluation assets.

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4. ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Accounting standard or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

5. RECEIVABLES

	February 29, 2024	May 31, 2023
	\$	\$
Amount receivable	51,000	-
GST receivables	15,618	27,629
	66,618	27,629

6. EXPLORATION AND EVALUATION ASSETS

Property acquisition costs

	Loljuh Property \$	Walker Property \$	Hare Hill Pluton Property \$	Baie Verte Brompton \$	Total \$
Balance, November 30, 2022	80,000	96,500	-	-	176,500
Additions	-	47,271	115,709	-	162,980
Impairment	(80,000)				(80,000)
Balance, May 31, 2023	-	143,771	115,709	-	259,480
Additions	-	146,000	-	189,300	335,300
Balance, February 29, 2024	-	289,771	115,709	189,300	594,780

Mineral exploration costs

	Period ended February 29, 2024 \$	Period ended February 28, 2023 \$
Geology	21,400	1,760
Geophysics	-	23,563
Operating	-	25,750
	21,400	51,073

6. EXPLORATION AND EVALUATION ASSET (continued)

Loljuh Project

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

As part of the agreement, the Company was 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 (paid)
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 had 90 days to pay the Optionor a further \$1,500,000 to acquire 100% of the earned interest of the Loljuh Property. The Company could elect to satisfy up to 50% (\$750,000) of the option exercised in the issuance of common shares.

The Loljuh Property has a 2% Net Smelter Royalty that can be acquired 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.

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6. 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	\$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 (partially paid)
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 (issued)	750,000 (issued)	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.

During the period, the Company and Marvel Discovery Corp. executed an agreement deferring \$12,000 of the \$75,000 cash payment required pursuant to the option agreement, to March 31, 2024.

6. EXPLORATION AND EVALUATION ASSET (continued)

During the period, the Company and Marvel agreed to extend the exploration and evaluation expenditure commitment, initially due by the first anniversary of the option agreement, until September 30, 2024.

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)	\$0.13
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.

Baie Verte Brompton Project

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

6. EXPLORATION AND EVALUATION ASSET (continued)

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. Falcon received TSXV approval on October 18, 2023, and an initial payment pursuant to the option agreement in the amount of \$5,000 has been recorded. During the period, the Company issued 2,000,000 common shares and 2,000,000 common share purchase warrants to Falcon.

7. TRADE PAYABLES AND ACCRUED LIABILITIES

	February 29, 2024	May 31, 2023
	\$	\$
Trade payables	47,846	24,739
Accrued liabilities	15,000	20,000
	62,846	44,739

8. SHARE CAPITAL

Authorized Share Capital

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

Issued Share Capital

On January 16, 2024, the company issued 2,000,000 common shares with a fair value of \$120,000 pursuant to a mineral property option described in Note 5.

On November 15, 2023, the Company issued 750,000 common shares with a fair value of \$45,000 pursuant to a mineral property option described in Note 5.

On July 27, 2023, the Company issued 150,000 common shares pursuant to the exercise of 150,000 share purchase options for cash proceeds of \$15,000.

On May 9, 2023, the Company issued 550,000 common shares with a fair value of \$38,500 pursuant to a 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.

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8. SHARE CAPITAL (continued)

On November 21, 2022, the Company issued 500,000 common shares for the option payment on the Walker Creek Project (Note 6).

On September 29, 2022, the Company issued 75,000 common shares in lieu of cash for the option payment on the Loljuh Project (Note 6).

On June 27, 2022, the Company issued 5,750,000 common shares at a price of \$0.10 for gross proceeds of \$575,000. In connection with the issuance of the shares, the Company incurred share issuance costs of \$123,118 in cash and 575,000 share purchase warrants valued at \$31,800 (note 11) has been issued as financing fees.

9. STOCK OPTIONS

The Corporation adopted a stock option plan (the "Plan") whereby it can grant stock options to directors, officers, employees, and consultants of the Corporation. 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 Corporation 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, 2022	0.10	140,000
Stock options issued	0.09	1,845,000
Stock options expired	0.10	(140,000)
Balance – May 31, 2023	0.09	1,845,000
Stock options issued	0.00	-
Balance – November 30, 2023	0.09	1,845,000

On July 22, 2022, the Company issued 945,000 stock options. 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 100%, and no expected dividends. The fair value of the options of \$71,600 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

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9. STOCK OPTIONS (continued)

expected volatility of 148.99%, and no expected dividends. The fair value of the options of \$51,100 was recorded as a share-based payment expense.

Exercise Price	Options Outstanding			Options Exercisable	
	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	3.39	\$0.10	945,000	\$0.10
\$0.07	900,000	4.22	\$0.075	900,000	\$0.075
	1,845,000	3.80	\$0.09	1,845,000	\$0.09

10. WARRANTS

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise
	\$	
Balance – May 31, 2022	-	-
Share purchase warrants issued	0.10	9,383,334
Balance – May 31, 2023	0.10	9,383,334
Share purchase warrants issued	0.078	750,000
Share purchase warrants issued	0.10	2,000,000
Share purchase warrants exercised	0.10	(150,000)
Balance - November 30, 2023	0.10	11,983,334

The expiry of the warrants are as follows:

Number of warrants outstanding	Exercise price \$	Expiry date
750,000	0.078	November 15, 2028
500,000	0.13	November 22, 2027
8,183,334	0.10	April 25, 2024
550,000	0.09	May 9, 2025
2,000,000	0.10	January 16, 2027
11,983,334		

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10. WARRANTS (continued)

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	212,000
	warrants	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	2024	2024
	550,000	500,000	750,000	2,000,000
	warrants	warrants	warrants	warrants
Risk-free interest rate	3.80%	3.42%	3.67%	4.10%
Expected life (in years)	2	5	5	3
Expected volatility	161%	139%	156%	100%
Expected dividend yield	0%	0%	0%	0%
Exercise price	\$0.09	\$0.13	\$0.078	\$0.10
Share price at date of grant	\$0.07	\$0.07	\$0.06	\$0.06

11. 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 nine months ended February 29, 2024 and February 28, 2023.

	February 29, 2024	February 28, 2023
	\$	\$
Management	27,500	19,000
Directors	-	1,150
	27,500	20,150

11. RELATED PARTY TRANSACTIONS

As at February 29, 2024, \$10,520 (May 31, 2023 - \$2,260) in accounts payable was due to related parties.

12. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities

Information regarding the Company's financial assets and liabilities as at February 29, 2024 and May 31, 2023 is summarized as follows:

	February 29, 2024	May 31, 2023
	\$	\$
Financial Assets		
At FVTPL		
Cash	114,581	288,574
Financial Liabilities		
At amortized cost		
Trade payable and accrued liabilities	48,635	44,739

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.

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

12. FINANCIAL INSTRUMENTS (Continued)

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 February 29, 2023, the Company had a cash balance of \$114,581 to settle current liabilities of \$48,635. 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.

13. SUBSEQUENT EVENT

There are no subsequent events to report.