HEARTFIELD MINING CORP.

FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

(EXPRESSED IN CANADIAN DOLLARS)

Baker Tilly WM LLP
900 – 400 Burrard Street
Vancouver, British Columbia
Canada V6C 3B7
T: +1 604.684.6212
F: +1 604.688.3497

vancouver@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Heartfield Mining Corp.:

Opinion

We have audited the financial statements of Heartfield Mining Corp. (the "Company"), which comprise the statements of financial position as at February 29, 2024 and February 28, 2023, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2024 and February 28, 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting 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 in the financial statements, which describes conditions indicating 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 for the year ended February 29, 2024. 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 of our auditor's report, we have determined the matter described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Assessment of the existence of impairment indicators for exploration and evaluation assets</td></tr>
<tr><td>Refer to note 4</td><td>Our approach to addressing the matter involved the following procedures, among others:</td></tr>
<tr><td>
As at February 29, 2024, the carrying amount of the Company’s exploration and evaluation assets was $311,967.
At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset’s recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.
Management assesses exploration and evaluation assets for impairment based on, at minimum, the presence of any of the following indicators:
(i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed;
(ii) substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned;
(iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or
(iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount.
No impairment indicators were identified by management as at February 29, 2024.
We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of impairment indicators related to exploration and evaluation assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.
</td><td>
Evaluating the judgments made by management in determining impairment indicators, which included the following:

Obtained evidence to support the right to explore the area under the Option Purchase Agreement between the Company and a third party.
Read the board of directors’ minutes and resolutions, and obtained evidence supporting the continued and planned exploration expenditures, which included evaluating events subsequent to February 29, 2024 related to private placements of units to raise funds for continued exploration activities.
Assessed whether available data indicates the potential for commercially viable mineral resources, of which we noted that there is no currently available data indicating the potential or lack of potential for commercially viable mineral resources.
Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis filed with the relevant Canadian securities commissions.

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 and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. 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 Accounting 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 Aycha Aziz.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
June 10, 2024

HEARTFIELD MINING CORP.
STATEMENTS OF FINANCIAL POSITION
AS AT FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Expressed in Canadian dollars)

	2024	2023
ASSETS		
Current		
Cash	$ 5,568	$ 103,722
Amounts recoverable	3,666	15,629
	9,234	119,351
Exploration and evaluation assets (Note 4)	311,967	206,695
	$ 321,201	$ 326,046
LIABILITIES		
Current		
Accounts payable (Note 6)	$ 127,682	$ 34,202
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	657,016	564,677
Share-based payment reserve	64,221	64,221
Deficit	(527,718)	(337,054)
	193,519	291,844
	$ 321,201	$ 326,046

NATURE OF BUSINESS AND GOING CONCERN *(Note 1)*
SUBSEQUENT EVENT *(Note 11)*

"Michael Dake"
Director

"Sean McGrath"
Director

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

HEARTFIELD MINING CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Expressed in Canadian dollars)

		2024		2023
EXPENSES				
Investor communications	$	1,200	$	–
Management fees (Note 6)		42,000		32,000
Occupancy costs		37,148		30,486
Office		3,612		9,795
Professional fees		91,106		117,156
Transfer agent and filing fees		15,077		23,299
Travel and promotion		521		1,475
Net loss and comprehensive loss	**$**	**(190,664)**	**$**	**(214,211)**
Loss per share (basic and diluted)	**$**	**(0.01)**	**$**	**(0.02)**
Weighted average number of common share outstanding – basic and diluted		**17,207,037**		**10,957,672**

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

HEARTFIELD MINING CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Expressed in Canadian dollars)

		2024		2023
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	$	(190,664)	$	(214,211)
Changes in non-cash working capital balances:				
Amounts recoverable		11,963		(8,383)
Accounts payable		93,480		(47,828)
Cash used in operating activities		(85,221)		(270,422)
INVESTING ACTIVITY				
Exploration and evaluation assets		(45,272)		(84,738)
FINANCING ACTIVITIES				
Shares issued for cash		35,000		500,000
Share issue costs		(2,661)		(76,102)
Cash provided by financing activities		32,339		423,898
CHANGE IN CASH		(98,154)		68,738
CASH, BEGINNING OF PERIOD		103,722		34,984
CASH, END OF PERIOD	$	5,568	$	103,722
NON-CASH FINANCING ACTIVITIES:				
Shares issued for exploration and evaluation assets	$	60,000	$	30,000
Share issue costs: shares issued for services	$	–	$	10,000
Share issue costs: deferred financing costs	$	–	$	20,000
Share issue costs: agent's warrants	$	–	$	19,221
SUPPLEMENTAL CASH FLOW INFORMATION:				
Interest received (paid)	$	–	$	–
Income taxes paid	$	–	$	–

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

HEARTFIELD MINING CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Expressed in Canadian dollars)

	Common shares								
	Number of shares		**Amount**		**Share-based payment reserve**		**Deficit**		**Total**
Balance, February 28, 2022	9,750,001		150,000		45,000		(122,843)		72,157
Issued for cash	5,000,000		500,000		–		–		500,000
Issued for service	100,000		10,000		–		–		10,000
Issued for exploration and evaluation assets	300,000		30,000		–		–		30,000
Share issue costs – agent warrants	–		(19,221)		19,221		–		–
Share issue costs - cash	–		(106,102)		–		–		(106,102)
Net loss and comprehensive loss for the year	–		–		–		(214,211)		(214,211)
Balance, February 28, 2023	15,150,001	$	564,677	$	64,221	$	(337,054)	$	291,844
Issued for cash	875,000		35,000		–		–		35,000
Issued for exploration and evaluation assets	1,500,000		60,000		–		–		60,000
Share issue costs - cash	–		(2,661)		–		–		(2,661)
Net loss and comprehensive loss for the year	–		–		–		(190,664)		(190,664)
Balance, February 29, 2024	17,525,001	$	657,016	$	64,221	$	(527,718)	$	193,519

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

1. NATURE OF BUSINESS AND GOING CONCERN

Heartfield Mining Corp. (the "Company") was incorporated on March 24, 2021 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200 – 551 Howe Street, Vancouver, British Columbia, Canada, V6C 2C2.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at February 29, 2024, the Company has not yet determined whether the Company's mineral property assets contain 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 the future profitable production from the property or realizing proceeds from its disposition.

The Company had a deficit of $527,718 as at February 29, 2024 (February 28, 2023 - $337,054), which has been funded by the issuance of equity, recurring losses and net cash outflows from operations. The Company's ability to continue its operations and to realize its assets at their carrying value is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The outcome of these matters cannot be predicted at this time and these conditions indicate a material uncertainty that may cast 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 these financial statements.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Approval of the Financial Statements

The financial statements of the Company for the years ended February 29, 2024 and February 28, 2023 were reviewed by and approved and authorized for issuance by the Board of Directors on June 10, 2024.

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as explained in the accounting policies set out in Note 3. The financial statements are also prepared on the accrual basis of accounting, except for cash flow information.

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

3. MATERIAL ACCOUNTING POLICIES

a) Significant Accounting Estimates and Judgements

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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These 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 judgments

i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable.

b) Income Taxes

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial statements date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. MATERIAL ACCOUNTING POLICIES (continued)

c) Income (Loss) Per Share

The Company presents basic and diluted income (loss) per share data for its common shares. Basic income (loss) per share is calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income per share adjusts the income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive securities outstanding using the treasury stock method, which assumes that outstanding dilutive securities would be exercised. Diluted loss per share is equivalent to basic loss per share, as the effect of potentially dilutive securities would be anti-dilutive. Basic and diluted income (loss) per share excludes all of the Company's common shares from the weighted average shares calculation that are contingently returnable.

e) Share Issuance Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to operations. Costs that relate to both share issuance and listing are allocated based on the proportion of new shares issued to the total number of shares listed.

f) Valuation of equity units issued in private placements

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 attributes value to the shares based on their fair value at issuance, and the residual amount, if any, is attributed to the value of the warrants. Any fair value attributed to the warrants is recorded within the warrant reserve.

g) Share-Based Payments

The Company accounts for stock options and warrants granted to directors, officers, employees, and non-employees at fair value. The fair value of the options and warrants to employees, including directors, at the date of the grant is determined using the Black-Scholes option pricing model and share-based payments is recorded within profit or loss using the graded vesting method, and reflected in share-based payments reserve, over the vesting periods. The fair value of stock options and warrants granted to non-employees is measured based on the fair value of the goods and services received, unless that fair value cannot be estimated reliably, in which case the fair value is determined with reference to the fair value of the instruments granted, and is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is recorded within profit or loss upon re-measurement.

The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Common shares issued as payment for services or for the acquisition of exploration and evaluation assets are measured at the fair value of the goods and services received, unless that fair value cannot be estimated reliably, in which case the fair value is determined with reference to the fair value of the instrument granted. The fair value of common shares issued is the quoted market price of the Company's common shares on the date of issuance.

3. MATERIAL ACCOUNTING POLICIES (continued)

h) Financial Instruments

On initial recognition financial assets are classified as measured at:

i. Amortized cost;

ii. Fair value through other comprehensive income (“FVOCI”); and

iii. Fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest method.

The Company does not have any assets classified at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a financial asset that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of loss and comprehensive loss in the period in which it arises.

The Company’s cash is classified at FVTPL.

3. MATERIAL ACCOUNTING POLICIES (continued)

h) Financial Instruments (continued)

iv. Impairment

There is a three-stage expected credit loss (“ECL”) model for determining impairment of financial assets. The expected credit loss model does not require the occurrence of a triggering event before the Company recognizes credit losses. The Company is required to recognize ECLs upon initial recognition of a financial asset and to update the quantum of ECLs at the end of each reporting period to reflect changes to credit risk of the financial asset.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

i) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves. Exploration and evaluation assets are classified as intangible assets.

3. MATERIAL ACCOUNTING POLICIES (continued)

i) Exploration and evaluation assets (continued)

Exploration and evaluation assets are reviewed for indicators of impairment at each reporting date. An exploration and evaluation asset is deemed to have an indicator of impairment if the period for which the Company has the right to explore the property has expired or is not expected to be renewed, substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned, exploration and evaluation activities have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities for the specific property, or if sufficient data exists to indicate that development of a specific property would be unlikely to recover the carrying amount of the associated capitalized exploration and evaluation expenditures.

If there is an indication of impairment, and the Company determines the recoverable amount of the specific exploration and evaluation asset as the greater of the asset's value in use or fair value less costs of disposal, and comparing this to the carrying amount as at the reporting date. If the carrying amount exceeds the recoverable amount, those exploration and evaluation assets, in excess of estimated recoveries, are written off to profit or loss as an impairment loss.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

j) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

3. MATERIAL ACCOUNTING POLICIES (continued)

k) Flow-through shares

Resource expenditure deductions for income tax purposes may be renounced to investors in accordance with income tax legislation for flow-through share arrangements. On issuance of flow-through common shares, the Company bifurcates the flow-through share proceeds into: (i) share capital, for the fair value of common shares without a flow-through feature (based on quoted trading prices), and (ii) a flow-through share premium liability, for the amount investors pay for the flow-through feature (in excess of the quoted trading price of the common shares). As resource expenditures are incurred, the Company derecognizes the liability and recognizes other income.

Proceeds from the issuance of flow-through shares are restricted, to be used only for Canadian resource expenditures, and must be incurred within a two-year period before a 10% penalty tax applies on any unspent amount that has been renounced.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lessees are permitted to make an election for leases with a term of 12 months or less, or where the underlying asset is of low value, and not recognize lease assets and lease liabilities. For short term leases, the Company has elected to use this election, and has recognized rent expense associated with these leases on a straight-line basis over the lease term within profit or loss as occupancy costs.

m) Adoption of new accounting standards, interpretations and amendments

<u>Recently adopted accounting standards</u>

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after March 1, 2023.

i. Disclosure of accounting policy information (amendments to IAS 1); and
ii. Definition of accounting estimates (amendments to IAS 8).

With the exception of changing the Company's note heading for the accounting policies from "significant" to "material", the Company has reviewed all other updates and determined that these updates are not applicable to or consequential to the Company and have no impact on the material accounting policies.

<u>Recently issued but not yet effective accounting standards</u>

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be material.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

		Porter Property
Acquisition Costs		
Balance, February 28, 2022	$	6,000
Additions – cash		6,000
Additions – shares		30,000
Balance, February 28, 2023		42,000
Additions – shares		60,000
Balance, February 29, 2024	$	102,000
Exploration Costs		
Balance, February 28, 2022	$	85,957
Reports, surveying and sampling		78,738
Balance, February 28, 2023		164,695
Reports, surveying and sampling		45,272
Balance, February 29, 2024	$	209,967
Balance at February 28, 2023	$	206,695
Balance at February 29, 2024	$	311,967

Porter Property option

On March 24, 2021, the Company entered into a Purchase Option Agreement (the "Agreement") with an arms-length party (the "Optionor"). Pursuant to the Agreement, the Company has an option to acquire 100% interest in five mineral claims known as Porter Property located near Port Alberni on Vancouver Island, British Columbia, Canada (the "Claims") from the Optionor.

Under the terms of the Agreement, the Optionor has granted the Company the option to acquire all rights, title and interest within five kilometers of the five mineral claims. In addition, the Claims are subject to Net Smelter Return Royalty of 1.5% which can be purchased at any time for $1,500,000 by the Optionee.

Under the Agreement, the Company will make cash payments totaling $40,000 and issue 300,000 common shares as follows:

a. made a cash payment of $6,000 (“Initial Payment”) upon execution and delivery of this agreement (paid);
b. make a further cash payment of $6,000 and issue 300,000 common shares on the date upon which the common shares are listed on a stock exchange in Canada (“Listing date”) (paid and issued); and
c. make a further cash payment of $28,000 within 18 months of the Listing date.

On April 5, 2023, the Company entered into a purchase agreement to acquire the El Medio claim, which is contiguous to the Company’s Porter Property, 30 kilometres west of Port Alberni, BC. In consideration for the El Medio claim, the Company issued 1,500,000 common shares (note 5) of the Company to the vendor, who will retain a 1.5% net smelter returns royalty, which can be purchased by the Company at any time for a cash payment of $1,500,000.

5. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without par value.

b) Issued and outstanding as at February 29, 2024: 17,525,001 (February 28, 2023 – 15,150,001) common shares, of which 1,500,001 were held in escrow (February 28, 2023 – 2,250,001).

During the year ended February 29, 2024, the Company had the following transactions:

During the year the Company issued 875,000 flow-through units at a price of $0.04 per unit for gross proceeds of $35,000. Each unit is comprised of one flow-through share and one common share purchase warrant exercise at $0.05 for a period of 24 month from the date of issuance. The warrants were value at $Nil using the residual value method. On the issuance date, the Company did not recognize a flow-through share liability as there was no premium in price over the fair value of the common shares.

During the year the Company issued 1,500,000 common shares at a fair value of $0.04 per share for exploration and evaluation assets (note 4).

During the year ended February 28, 2023, The Company had the following transactions:

During the year the Company issued 4,000,000 common shares at a price of $0.10 per share pursuant to an initial public offering ("IPO") prospectus. Share issue costs paid in cash of $106,102, and 320,000 agent warrants valued at $19,221 were incurred on issuance of the IPO prospectus.

During the year the Company issued 100,000 for services at a fair value of $0.10 per share.

During the year the Company issued 300,000 shares at a fair value of $0.10 per share for the exploration and evaluation assets.

During the year the Company issued 1,000,000 flow-through common shares at a price of $0.10 per share for gross proceeds of $100,000. On the issuance date, the Company did not recognize a flow-through share liability as there was no premium in price over the fair value of the common shares.

(Expressed in Canadian dollars)

5. SHARE CAPITAL - continued

c) Warrants

A Summary of the Company's warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, February 28, 2022	-	-
Issued	320,000	$0.10
Balance, February 28, 2023	320,000	$0.10
Issued	875,000	$0.05
Balance, February 29, 2024	1,195,000	$0.06

The following table summarizes information about warrants outstanding at February 29, 2024:

Expiry Date	Number of Warrants	Weighted Average Exercise Price
November 8, 2024	320,000	$0.10
April 18, 2025	875,000	$0.05
	1,195,000	$0.06

The weighted average remaining contractual life of the warrants is 1.02 years.

On November 9, 2022, the Company issued 320,000 agent warrants related to the IPO. The agent warrants are exercisable at $0.10 per share and two year from the date of issue. The fair value per agent's warrant issued is $0.06. The following assumptions were used for the Black-Scholes valuation of warrants issued:

	2023
Share price	$0.10
Risk – free interest rate	4.10%
Expected life of warrants	2 years
Dividend rate	0%
Annualized volatility	115%

6. RELATED PARTY BALANCES AND 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. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

During the year ended February 29, 2024, the Company incurred management fees of $42,000 (February 28, 2023 - $32,000) to a company controlled by the CEO and a director of the Company.

During the year ended February 28, 2023, the Company issued 300,000 flow-through common shares to directors and officers.

At February 29, 2024, the Company owed $25,725 (February 28, 2023 - $1,475) to a company controlled by the CEO of the Company.

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the identification, exploration and evaluation of mineral properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company's capital structure consists of the components of shareholders' equity which totalled $193,519 as at February 29, 2024 (February 28, 2023 - $291,844). 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 common shares or dispose of assets or adjust the amount of cash. The Company's approach to the management of capital has not changed from the prior year.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 13, Fair Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments

The Company's financial asset is cash which is classified as FVTPL and is measured at Level 1 of the fair value hierarchy. The carrying value of the Company's financial liability (accounts payable) approximates its fair value due to the relatively short period to maturity of that instrument.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. These risks are generally outside the control of the Company. The objective of the Company is to mitigate market risk exposures within acceptable limits. The Company's market risk consists of risks from changes in currency exchange rates, interest rates and other market prices that affect its financial instruments. It is management's opinion that the Company is not exposed to material currency risk, interest rate risk or other price risk. The Company's exposure to and management of market risk has not changed materially from that of the prior year.

(Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (*continued*)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at February 29, 2024, the Company has cash of $5,568 (February 28, 2023 - $103,722), to settle accounts payable of $127,682 (February 28, 2023 - $34,202). The Company's management of liquidity risk has not changed materially from that of the prior year.

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2024	2023
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	$(51,480)	$ (57,800)
Non-deductible amounts and other	(1,050)	-
Share issue costs	(720)	(6,800)
Flow-through shares renounced	9,450	21,260
Change in estimate	31,810	-
Change in deferred tax assets not recognized	11,990	43,340
	$ –	$ –

Significant components of the Company's deferred income tax assets (liabilities) are shown below:

	2024	2023
Non-capital loss carry forwards	535,300	334,100
Share issue costs	77,300	100,200
Exploration and evaluation assets	(216,500)	(78,700)
Deferred tax assets not recognized	(396,100)	(355,600)
	$ -	$ -

As at February 29, 2024, the Company had approximately $535,300 (February 28, 2023 - $334,100) in non-capital loss carry forward available to reduce taxable income for future years. The non-capital losses expire between 2042 and 2044.

10. REPORTABLE SEGMENTS

The Company operates in one geographic location, Canada, and has one reportable segment, being the exploration and evaluation of mineral resource properties.

11. SUBSEQUENT EVENT

On May 22, 2024, the Company completed a private placement of 4,616,000 units at a price of $0.0377 per unit for gross proceeds of $174,023. Each unit consists of one common share and one warrant. Each warrant is exercisable at $0.05 for a period of 12 months.