STEARMAN RESOURCES INC.

FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

YEARS ENDED
AUGUST 31, 2024 AND 2023

Independent Auditor's Report

To the Shareholders of Stearman Resources Inc.

Opinion

We have audited the financial statements of Stearman Resources Inc. (the "Company"), which comprise the statements of financial position as at August 31, 2024 and 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policies information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2024 and 2023, 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 at August 31, 2024, the Company had an accumulated deficit of $358,850. 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

December 13, 2024

STEARMAN RESOURCES INC.
Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Note	**August 31, 2024**	August 31, 2023
		$	$
ASSETS			
Current			
Cash		**100,180**	237,995
Receivables		**44,019**	16,839
		144,199	254,834
Non-current assets			
Exploration and evaluation asset	3	**153,191**	151,180
Total assets		**297,390**	406,014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable		**3,864**	5,285
Accrued liabilities		**20,431**	19,600
Total liabilities		**24,295**	24,885
Shareholders' equity			
Share capital	5	**592,756**	587,956
Reserves	5	**39,189**	39,189
Deficit		**(358,850)**	(246,016)
Total shareholders' equity		**273,095**	381,129
Total liabilities and shareholders' equity		**297,390**	406,014

Nature of operations and going concern (Note 1)

These financial statements were approved by the Board of Directors on December 13, 2024:

"Steve Mathiesen"	*"Howard Milne"*
Steve Mathiesen, Director	*Howard Milne, Director*

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

STEARMAN RESOURCES INC.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	**For the year ended August 31, 2024**	For the year ended August 31, 2023
		$	$
EXPENSES			
Accounting fees		**25,995**	42,859
Bank charges and interest		**307**	304
Filing fees		**12,590**	23,927
Legal fees		**2,648**	86,734
Management fees	4	**60,000**	36,130
Meals and entertainment		**930**	420
Operating, general and administrative		**6,650**	7,626
Telephone		**2,400**	1,445
Transfer agent		**7,315**	9,514
		(118,835)	(208,959)
Interest income		**6,001**	9,486
Loss and comprehensive loss for the period		**(112,834)**	(199,473)
Loss per share – basic and diluted		**(0.01)**	(0.02)
Weighted average number of common shares outstanding – basic and diluted		**12,466,180**	8,842,926

STEARMAN RESOURCES INC.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserve - Special Warrants	Reserve – Stock Options	Deficit	Total
		$	$	$	$	$
Balance, August 31, 2022	3,100,000	15,500	557,256	34,389	(46,543)	560,602
Exercise of special warrants	8,897,000	548,456	(548,456)	-	-	-
Exercise of finder warrants	200,000	4,000	(4,000)	-	-	-
Common shares issued for property acquisition	200,000	20,000	-	-	-	20,000
Net loss for the year	-	-	-	-	(199,473)	(199,473)
Balance, August 31, 2023	12,397,000	587,956	4,800	34,389	(246,016)	381,129
Common shares issued for property acquisition	120,000	4,800	-	-	-	4,800
Net loss for the year	-	-	-	-	(112,834)	(112,834)
Balance, August 31, 2024	**12,517,000**	**592,756**	**4,800**	**34,389**	**(358,850)**	**273,095**

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

STEARMAN RESOURCES INC.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended August 31, 2024	For the year ended August 31, 2023
	$	$
Cash flows used in operating activities:		
Net loss	**(112,834)**	(199,473)
Item not affecting cash		
Share-based payments	**-**	-
Changes in non-cash working capital items:		
Receivables	**10,703**	(13,995)
Accounts payable and accrued liabilities	**(590)**	11,885
Net cash used in operating activities	**(102,721)**	(201,583)
Investing activities		
Exploration and evaluation assets	**(35,094)**	(126,180)
Net cash used in investing activities	**(35,094)**	(126,180)
Net change in cash	**(137,815)**	(327,763)
Cash, beginning	**237,995**	565,758
Cash, ending	**100,180**	237,995
Cash consists of the following:		
Cash held in banks	**25,180**	37,995
Guaranteed investment certificates	**75,000**	200,000
	100,180	237,995
Non-cash transactions		
Issuance of shares for mineral property acquisition	**4,800**	20,000
Exercise of special unit warrants and special warrants	**-**	548,456
Exercise of finder warrants	**-**	4,000

1. NATURE OF OPERATIONS AND GOING CONCERN

Stearman Resources Inc. (the "Company") was incorporated in the Province of British Columbia on March 1, 2022 under the Business Corporations Act of British Columbia. The Company is focused on acquisition, exploration, and development of mineral properties in Canada. The Company's business office is located at Suite 170 422 Richards Street, Vancouver BC V6B 2Z4. On January 24, 2023, the Company's shares were listed on the Canadian Securities Exchange ("CSE") under the symbol "STMN".

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at August 31, 2024, the Company is not able to finance day to day activities through operations and has an accumulated deficit of $358,850. The continuing operations of the Company are dependent upon its ability to obtain sufficient financing and the success of its exploration activities. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company intends to finance operating costs with loans from directors and companies controlled by directors and/or issuance of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. BASIS OF PREPARATON AND MATERIAL ACCOUNTING POLICIES

Basis of preparation

Statement of compliance

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 accounting policies were consistently applied to all years presented.

The financial statements were authorized for issued by the board of directors of the Company on December 13, 2024.

Basis of measurement

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 financial statements are presented in Canadian dollars, unless otherwise noted.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of exploration and evaluation assets, fair value measurements for financial instruments, measurement of share-based payments and the recoverability and measurement of deferred tax assets and liabilities.

2. BASIS OF PREPARATON AND MATERIAL ACCOUNTING POLICIES (continued)

Significant judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments;
- the classification and allocation of expenses as exploration and evaluation expenditures or operating expenses; and

Cash and cash equivalents

Cash is comprised of cash on hand, cash held in trust accounts and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities within three months when acquired.

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 entity.

The following table shows the classification under IFRS 9:

Financial assets/ liabilities	Classification
Cash	FVTPL
Receivables	Amortized cost
Accounts payable	Amortized cost
Accrued liabilities	Amortized cost

<u>Financial assets</u>

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 ("FVTOCI"); 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. 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 FVTOCI 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.

The Company derecognizes financial assets 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

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.

2. BASIS OF PREPARATON AND MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities 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 classified under other financial liabilities and carried on the statement of financial position fair value through profit or loss.

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 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. Gains and losses on derecognition are generally recognized in profit and loss.

Exploration and evaluation assets

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option. Costs incurred prior to obtaining the legal rights to explore a property are recognized as an expense in the period in which they are incurred.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

2. BASIS OF PREPARATON AND MATERIAL ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)
Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Loss per share
Basic loss per share is calculated by dividing the statement of loss and comprehensive loss by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the statement of loss and comprehensive loss and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees and warrants outstanding. The weighted average number of diluted shares is calculated in accordance with the treasury stock method. All stock options and warrants are currently anti-dilutive. As a result, basic and diluted loss per share are the same.

Income taxes
Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to 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, in the countries where the Company operates and generates taxable income.

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.

(Expressed in Canadian dollars)

2. BASIS OF PREPARATON AND MATERIAL ACCOUNTING POLICIES (continued)

Deferred tax

Deferred tax is recognized 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 tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred 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 and are expected to apply by the end of the reporting period. Deferred 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 taxes relate to the same taxable entity and the same taxation authority.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects. For unit offerings, the proceeds from issuance of units are allocated between shares and share purchase warrants using the residual method, allocating fair value of the common shares first, and then to the share purchase warrants.

Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

3. EXPORATION AND EVALUATION ASSET

On March 11, 2022 and amended January 23, 2024, the Company entered into an option agreement (the "Agreement") with J2 Metals Inc. (the "Optionor") to acquire a 75% interest in the mineral claims of the Miniac Property (the "Property"), located in Quebec, Canada. Pursuant to the Agreement, total consideration consists of the following:

Date	Number of Shares	Cash Payments	Minimum Expenditures
		$	$
Agreement Date	-	5,000(paid)	-
January 24, 2023 ("Listing Date")	200,000 (issued)	15,000(paid)	-
1st Anniversary of Listing Date	120,000 (issued)	7,500(paid)	120,000 (incurred)
2nd Anniversary of Listing Date	120,000	100,000	50,000
3rd Anniversary of Listing Date	120,000	110,000	200,000
4th Anniversary of Listing Date	120,000	110,000	200,000
5th Anniversary of Listing Date	120,000	110,000	400,000
Total	800,000	457,500	970,000

(Expressed in Canadian dollars)

3. EXPORATION AND EVALUATION ASSET

A continuity of the Company's exploration and evaluation asset is as follows:

	August 31, 2024	August 31, 2023
	$	$
Acquisition costs:		
Balance, beginning of period	**40,000**	5,000
Additions – cash	**7,500**	15,000
Additions – shares (Note 5)	**4,800**	20,000
Claims fees	**2,816**	-
Balance, end of period	**55,116**	40,000
Deferred exploration expenditures:		
Balance, beginning of period	**111,180**	-
Consulting	**3,803**	-
Geological	**20,975**	110,482
Travel	**-**	698
Quebec Mining Tax Credit	**(37,883)**	-
Balance, end of period	**98,075**	111,180
Exploration and evaluations assets	**153,191**	151,180

4. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. During the year ended August 31, 2024 and 2023, the Company incurred the following remuneration to key management personnel.

	August 31, 2024	August 31, 2023
	$	$
Management fees paid to a company controlled by the CEO	**30,000**	18,065
Management fees paid by a company controlled by the CFO	**30,000**	18,065
	60,000	36,130

(Expressed in Canadian dollars)

5. SHARE CAPITAL

Authorized share capital
Unlimited number of common shares without par value

Common Shares
During the year ended August 31, 2024:

On February 2, 2024, the Company issued 120,000 shares with a fair value of $4,800 pursuant to the terms of an option agreement.

During the year ended August 31, 2023:

On January 18, 2023, the Company issued 2,897,000 shares in relation to the exercise of 2,897,000 special warrants and issued 6,000,000 shares and 6,000,000 share purchase warrants in relation to exercise of 6,000,000 special unit warrants. Each share purchase warrant entitles the holder to purchase one common share of the Company at $0.10 until September 30, 2024. The value allocated to warrants is $nil using the residual method. The Company reallocated $548,456 from reserves to share capital.

On January 20, 2023, the Company issued 200,000 shares in relation with exercise of 200,000 finder warrants and reallocated $4,000 from reserves to share capital.

On January 25, 2023, the Company issued 200,000 shares with a fair value of $20,000 pursuant to the acquisition of 75% interest in the Property.

Share Purchase Warrants
The following is a summary of the Company's share purchase warrants and broker warrants:

	Number	Weighted average exercise price	Weighted average life (years)
		$	
Balance, August 31, 2022	248,000	0.02	1.45
Exercised	(200,000)	-	-
Issued	6,000,000	0.10	1.08
Balance, August 31, 2023 and 2024	6,048,000	0.10	0.08

As of August 31, 2024, the Company has the following share purchase warrants outstanding:

Number	Exercise Price	Expiry Date
	$	
6,000,000	0.10	September 30, 2024
48,000	0.10	September 30, 2024
6,048,000		

Subsequent to August 31, 2024:

- the Company extended the expiry date of the 6,000,000 warrants to September 30, 2025 and repriced 5,400,000 warrants to $0.06.
- 48,000 warrants expired unexercised.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with Exchange policies, grant to directors, officers and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares issued and outstanding from time to time. Such options are non-transferable and are exercisable at a price per share not below the closing traded price on the day before the date of grant for a period of up to ten years from the date of grant.

A summary of stock options activities are as follows:

	Number	Weighted average exercise price	Weighted average life (years)
		$	
Outstanding and exercisable, August 31, 2023	800,000	0.10	3.69
Outstanding and exercisable, August 31, 2024	800,000	0.10	2.69

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity.

The Company's primary source of capital is through the issuance of equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital. The Company’s capital management approach has remained unchanged during the year ended August 31, 2024.

7. FINANCIAL INSTRUMENTS

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include interest rate risk, credit risk, liquidity risk, and currency risk and price risk. The carrying value of the Company's financial instruments approximates their fair value due to their short- term nature. Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

(Expressed in Canadian dollars)

7. FINANCIAL INSTRUMENTS (continued)

The following financial asset is measured at fair value through profit or loss.

August 31, 2024	Level 1	Level 2	Level 3	Total
Cash	$ 100,180	$ -	$ -	$ 100,180

August 31, 2023	Level 1	Level 2	Level 3	Total
Cash	$ 237,995	$ -	$ -	$ 237,995

As of August 31, 2024, the carrying value of receivables, accounts payable and accrued liabilities approximates to their fair value due to the relatively short-term nature.

a) Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. At August 31, 2024, the Company's exposure to interest rate risk is considered minimal.

b) Credit risk: Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, which is held with a high-credit financial institution and amounts receivable from the Government of Canada. As such, the Company's credit exposure is minimal.

c) Liquidity risk: Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company addresses its liquidity through equity financing obtained through the sale of common shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. The Company has working capital of $119,904 as of August 31, 2024. The Company will require further financing to fund operations.

d) Currency risk: Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange. The Company has minimal exposure to foreign currency transactions during the year ended August 31, 2024 and accordingly the risk is considered low.

8. INCOME TAXES

A reconciliation of the Company's expected income tax recovery to actual income tax recovery is as follows:

	August 31, 2024	August 31, 2023
	$	$
Loss before income taxes	**(112,834)**	(199,473)
Statutory income tax rates	**27%**	27%
Computed income tax recovery	**(30,465)**	(53,858)
Non-deductible expenditures	**126**	-
Adjustment to prior year provision versus statutory tax return	**-**	1,350
Other	**(550)**	608
Change in unrecognized deductible temporary differences	**30,890**	51,900
Income tax recovery	**-**	-

(Expressed in Canadian dollars)

8. INCOME TAXES (continued)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	August 31, 2024	**August 31, 2023**
	$	$
Deferred tax assets:		
Share issuance costs	**1,214**	1,214
Non-capital losses	**89,244**	58,354
Unrecognized deferred tax assets	**(90,458)**	(59,568)
	-	-

The Company has non-capital losses of approximately $330,532 which may be carried forward to reduce taxable income in future years that expire in 2043-2044.

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