Western Star
Resources Inc.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Western Star Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Western Star Resources Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had working capital deficiency of $187,414, had not yet achieved profitable operations and has an accumulated deficit of $964,612 as of December 31, 2023. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of the Company for the year December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on May 1, 2023.

Key Audit Matters

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

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

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

As described in Note 7 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $1,064,739 as of December 31, 2023. As more fully described in Notes 2 and 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each statement of financial position date.

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

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

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

Other Information

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current year ended 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 Michael MacLaren.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 26, 2024

WESTERN STAR RESOURCES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	December 31, 2023 $	December 31, 2022 $
ASSETS		
Current		
Cash (Note 5)	**1,803**	296,129
Accounts receivable (Note 6)	**28,631**	13,889
Prepaid expense	**-**	5,000
Total current assets	**30,434**	315,018
Deferred financing costs (Note 14)	**39,516**	-
Prepaid exploration expenditures	**-**	4,000
Security deposit (Note 7)	**21,000**	21,000
Exploration and evaluation assets (Note 7)	**1,064,739**	157,179
Total assets	**1,155,689**	497,197
LIABILITIES		
Current		
Accounts payables and accrued liabilities (Note 8)	**171,975**	46,704
Loan (Note 9)	**45,873**	-
Due to related parties (Note 8)	**-**	2,282
Total current liabilities	**217,848**	48,986
Long term payable (Note 7)	**-**	50,000
Total liabilities	**217,848**	98,986
EQUITY		
Share capital and reserves (Note 10)	**1,842,742**	797,100
Reserves (Note 10)	**59,711**	-
Accumulated deficit	**(964,612)**	(398,889)
Total equity	**937,841**	398,211
Total liabilities and equity	**1,155,689**	497,197

Nature of Operations and Going Concern (Note 1)
Subsequent events (Note 14)

Approved on behalf of the Board of Directors on April 26, 2024:

"Blake Morgan" (signed) — ***Director***

"Dallas Miller" (signed) — ***Director***

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

WESTERN STAR RESOURCES INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
For the years ended December 31,

	2023	2022
	$	$
Consulting fees (Note 8)	**72,612**	75,000
Interest (Note 9)	**5,873**	-
Management fees (Note 8)	**132,500**	-
Marketing	**53,268**	-
Office and admin	**4,712**	2,406
Professional fees (Note 8)	**177,061**	65,422
Provision against other receivable	**-**	9,000
Share-based payments (Note 8,10)	**82,103**	-
Rent	**10,000**	-
Transfer agent fees	**29,844**	17,719
Loss before other items	**567,973**	**169,547**
Gain on settlement of debt (Note 10)	**(2,250)**	**-**
Net loss and comprehensive loss	**565,723**	**169,547**
Loss per share - basic and diluted	**(0.27)**	(0.14)
Weighted average number of common shares - basic and diluted	**2,077,648**	1,340,802

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

WESTERN STAR RESOURCES INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share Capital					
	Number of shares	Amount	Shares to be issued	Reserves	Accumulated deficit	Total
Balance at December 31, 2021	808,000	223,100	10,000	-	(229,342)	3,758
Loss for the year	-	-	-	-	(169,547)	(169,547)
Shares issuance for cash	820,000	574,000	(10,000)	-	-	564,000
Balance at December 31, 2022	**1,628,000**	**797,100**	**-**	**-**	**(398,889)**	**398,211**
Shares issuance upon exercise of options	**42,857**	**47,892**	**-**	**(22,392)**	**-**	**25,500**
Shares issuance for Lish Ventures Inc.	**714,286**	**750,000**	**-**	**-**	**-**	**750,000**
Shares issuance for exploration and evaluation asset	**142,857**	**150,000**	**-**	**-**	**-**	**150,000**
Shares issuance for services	**164,286**	**97,750**	**-**	**-**	**-**	**97,750**
Share-based payments	**-**	**-**	**-**	**82,103**	**-**	**82,103**
Loss for the year	**-**	**-**	**-**	**-**	**(565,723)**	**(565,723)**
Balance at December 31, 2023	**2,692,286**	**1,842,742**	**-**	**59,711**	**(964,612)**	**937,841**

WESTERN STAR RESOURCES INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
For the years ended

	December 31, 2023 $	December 31, 2022 $
Operating activities		
Net loss for the year	**(565,723)**	(169,547)
Non-cash items:		
Gain on settlement of debt	**(2,250)**	-
Accrued interest	**5,873**	-
Provision against other receivable	**-**	9,000
Share-based payments	**82,103**	-
Shares issuance for services	**97,750**	-
Change in non-cash working capital		
Accounts receivable	**(14,742)**	(6,735)
Prepaid expenses	**9,000**	(3,128)
Accounts payables and accrued liabilities	**64,769**	(133,898)
Due to related parties	**(2,282)**	(2,093)
Cash used in operating activities	**(325,502)**	(306,401)
Investing activities		
Exploration and evaluation assets	**(7,560)**	(15,000)
Cash used in investing activities	**(7,560)**	(15,000)
Financing activities		
Deferred financing costs	**(26,764)**	-
Funds from loan	**40,000**	-
Options exercised	**25,500**	-
Share subscription received	**-**	564,000
Cash provided by financing activities	**38,736**	564,000
Increase (decrease) in cash	**(294,326)**	**242,599**
Cash, beginning of year	**296,129**	**53,530**
Cash, end of year	**1,803**	**296,129**
Supplemental cash flow information		
Deferred financing in accounts payable and accrued liabilities	**12,752**	-
Shares issued for exploration and evaluation assets	**150,000**	-
Shares issuance for Lish Ventures Inc.	**750,000**	-
Reclassification of exercise of stock options	**22,392**	-
Allocation of long term payable to accounts payable and accrued liabilities	**50,000**	-
Interest paid	**-**	-
Income tax paid	**-**	-

The accompanying notes are an integral part of consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Western Star Resources Inc. ("WS" or the "Company") was incorporated under the *Business Corporation Act* of British Columbia in Canada on July 20, 2020. The Company's head office is located at Unit 114B – 8988 Fraserton Court, Burnaby, BC V5J 5H8. The Company is an exploration stage company and currently has interests in exploration properties in British Columbia, Canada. Substantially all of the Company's efforts are devoted to financing, exploring and evaluating these properties. There has been no determination whether the Company's interests in mineral properties contain mineral reserves which are economically recoverable. The Company's common shares traded on the Canadian Securities Exchange ("CSE") under the symbol ("WSR").

Subsequent to the year ended December 31, 2023, the Board of directors authorized a 7-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts have been retrospectively restated for all periods presented unless otherwise stated.

The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. As at December 31, 2023, the Company had working capital deficiency of $187,414 (December 31, 2022 - $266,032) had not yet achieved profitable operations and has an accumulated deficit of $964,612. The Company expects to incur further losses in the development of its business. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Realization values may be substantially different from carrying values as shown and the Company's consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

These consolidated financial statements have been prepared using the going concern concept, 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.

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

2. BASIS OF PREPARATION

Statement of compliance and presentation

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

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value. In addition, consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The Company's and its subsidiaries reporting and functional currency is the Canadian dollar.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Lish Ventures Inc. from the date of acquisition. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. All inter-company transactions and balances are eliminated in full.

Accounting standards issued but not yet effective

The Company adopted various amendments to IFRS, which were effective for accounting periods beginning on or after January 1, 2023. These include amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies), IAS 8 (Definition of Accounting Estimates) and IAS 12 (Deferred tax related to assets and liabilities arising from a single transaction). The impact of adoption was not significant to the Company's consolidated financial statements.

The amendments to IAS 1 (Presentation of Financial Statements), clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. This amendment is effective for annual reporting periods beginning on or after January 1, 2024. The Company does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

Use of management estimates, judgments and measurement uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The preparation of these consolidated financial statements requires the Company to make judgements regarding the going concern of the Company and discussed in Note 1.

The areas which require management to make significant estimates, judgments and assumptions in determining carrying values include:

2. BASIS OF PREPARATION (continued)

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of loss and comprehensive loss in the period when the new information becomes available.

Share-based compensation

The fair value of stock options and non-cash compensation are subject to limitations in Black-Scholes option pricing and fair value estimates that incorporate market data involving uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model has subjective assumptions, including the volatility of share prices, which can materially affect the fair value estimate. affect the fair value estimate.

Income taxes

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in Canada and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and the interpretation of the treatment for tax purposes for exploration and development activities. The Company is subject to assessment by Canadian tax authorities, which may interpret legislation differently which may affect the final amount or timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Cash

Cash is comprised of cash on hand and cash on deposit with the Company's financial institution on which it earns variable amounts of interest.

Financial instruments

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

Financial assets:

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial assets: (continued)

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

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

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

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

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

Financial liabilities:

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

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

Amortized cost: This category includes accounts payable and accrued liabilities, due to related parties, loans payable and long-term payable which are recognized at amortized cost using the effective interest method.

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

Pre-exploration costs or property investigation costs are expensed in the period in which they are incurred. Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditures, in excess of estimated recoveries, are written off to income or loss. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. Ownership in mineral properties involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral properties. The Company has investigated ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

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

An impairment loss is charged to the statement of loss and comprehensive loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in the statement of loss and comprehensive loss.

Share-based compensation

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Share-based compensation (continued)

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

Income taxes

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

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

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

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

Decommissioning Liabilities

The Company is required to recognize a liability when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As of December 31, 2023, the Company has not incurred any such obligations.

Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. Diluted loss per share assumes that the proceeds upon the exercise of the options and warrants are used to repurchase common shares at the average market price during the year. During the year ended December 31, 2023 and 2022, all of the outstanding options and warrants were antidilutive.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Foreign currency transactions

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

4. FINANCIAL RISK MANAGEMENT

Credit Risk

The Company's credit risk is primarily attributable to cash and accounts receivable. The Company has no significant concentration of credit risk arising from operations. The Company's current policy is to invest excess cash in interest bearing deposits issued by its banking institutions.

The Company’s maximum exposure to credit risk as at December 31, 2023 is the carrying value of cash, and accounts receivables. The majority of the Company’s cash is held in Canadian chartered banks.

Market Risk

Foreign Currency Risk
The Company's exploration and evaluation activities are substantially denominated in Canadian dollars. The Company does not subject to significant foreign currency risk.

Equity Price Risk
Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company has no exposure to fair value fluctuations. The Company's financial instruments are not subject to equity price risk.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to limited interest rate risk, as it only holds cash and does not have any interest-bearing debt.

(Expressed in Canadian dollars)

4. FINANCIAL RISK MANAGEMENT (continued)

Fair Value

Cash, and accounts receivables are measured at amortized cost which approximates fair value due to their short-term nature. Accounts payable and accrued liabilities, loans payable and due to related parties are measured at amortized cost which also approximates fair value due to their short-term nature. The fair value of long term payable calculated based on future cash outflow discounted at the interest rate applicable to the Company is not materially different from its carrying value as at December 31, 2022.

The fair value hierarchy has the following levels:

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

As at December 31, 2023, the Company does not have any financial instruments measured at fair value and that require classification within the fair value hierarchy.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company had current assets of $30,434 (December 31, 2022 - $315,018) and current liabilities of $217,848 (December 31, 2022 - $48,986). The Company's trade and other payables are subject to normal trade terms. As at December 31, 2023, the Company had a working deficit of $187,414 (December 31, 2022 - $266,032).

5. CASH

The balance at December 31, 2023 consists of cash on deposit with Canadian banks in general interest-bearing accounts totaling $1,803 (December 31, 2022 - $296,129).

6. ACCOUNTS RECEIVABLE

The Company's accounts receivable arise from harmonized sales tax ("GST/HST") due from the Canadian government.

	As at December 31 2023	As at December 31 2022
GST/HST receivable	**$ 28,631**	$ 13,889
Total trade and other receivables	**$ 28,631**	$ 13,889

(Expressed in Canadian dollars)

7. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES

The evaluation and exploration assets for the Company are segregated as follows:

	Western Star Claims	Toad River Property	Mount Anderson	Toral
Balance, December 31, 2021	$ 142,179	$ -	$ -	$ 142,179
Staking	15,000	-	-	15,000
Balance, December 31, 2022	$ 157,179	$ -	$ -	$ 157,179
Acquisition costs – share payments	-	750,000	150,000	900,000
Claim maintenance	-	-	7,560	7,560
Balance, December 31, 2023	**$ 157,139**	**$750,000**	**$ 157,560**	**$ 1,064,739**

Western Star Claims

On July 28, 2020, the Company acquired a 100% interest in certain mineral claims covering property located in British Columbia, Canada from an arms-length individual (the “Vendor”).

According to the sale and purchase agreement, the Company agreed to:
- pay to the Vendor the sum of $20,000 on signing (Paid);
- pay to the Vendor the sum of $50,000 within 365 days from signing (extended - see below);
- perform $80,000 worth of exploration work by Vendor on the property within 3 months of signing (Completed);
- a net smelter return (“NSR”) royalty of 1.5% shall be retained by the Vendor of which the NSR can be purchased from the Seller at any time for $1,500,000.
-

The Company received a refund of BC Mining Tax credits of $24,505 for work performed on its mineral property during the year ended December 31, 2021. The Company posted a security deposit in the form of a guaranteed investment contract (“GIC”) of $21,000 with Bank of Montreal and signed the safe keeping agreement with the Ministry.

On March 18, 2021, the Company amended the sale & purchase agreement with the Vendor by inserting an addendum to the agreement to extend the payment date for the remaining purchase price of $50,000 till September 18, 2022. The Company entered into a further amendment to the purchase agreement, dated December 8, 2022, removing the requirement to make the $50,000 cash payment on the anniversary of the agreement, and instead requiring the $50,000 cash payment to be made within 13 months of the listing of the common shares of the Company on a stock exchange. The remaining purchase price of the mineral claims is due on March 9, 2024 (unpaid).

7. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES (continued)

Toad River Property

On July 19, 2023, the Company entered into a share exchange agreement with Lish Ventures Inc. to acquire the Toad River copper-cobalt property located in the Peace River North area of British Columbia. The Company acquired the property indirectly through an acquisition of all the issued and outstanding shares of Lish Ventures Inc. In exchange for its acquisition of Lish Ventures Inc., the Company issued an aggregate of 714,286 common shares valued at $750,000 and granted a 1% NSR royalty in respect of commercial production from the property.

Mount Anderson Property

On September 13, 2023, the Company entered into an agreement to acquire the Mount Anderson property in the Yukon. Pursuant to the Agreement, the Company acquired the Mount Anderson property by issuing an aggregate of 142,857 common shares valued at $150,000 to the vendors and granted a 1% NSR royalty in respect of commercial production from the property.

8. RELATED PARTY DISCLOSURES

Related party transactions were conducted in the normal course of operations and have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these consolidated financial statements are listed below.

As at December 31, 2023, $68,750 (December 31, 2022 - $Nil) was included in accounts payable and accrued liabilities owing to a company controlled by an officer of the Company in relation to services provided.

Due to related parties include payable to the former CEO and the former CFO in the amount of $Nil (December 31, 2022 - $2,269) and $Nil (December 31, 2022 - $13) respectively. These due to parties payable are non-secured and non-interest bearing with no fixed terms of repayment.

Paid or accrued professional fees of $40,000 (2022 - $Nil) and issued 42,857 common shares valued at $25,500 to the Chief Financial Officer of the Company for additional services provided.

Paid or accrued management fees of $90,000 (2022 - $Nil) and issued 71,428 common shares valued at $42,500 to a company controlled by the Chief Executive Officer of the Company for additional services provided.

Paid or accrued consulting fees of $11,951 (2022 - $Nil) to a director of the Company.

During the year ended December 31, 2023, the Company issued 78,571 (2022 – $Nil) stock options to the officers and directors of the Company valued at $41,051 and recorded as share-based payments.

In October 2021, the Company entered a strategic consulting agreement with an entity controlled by an individual who became a director of the Company in June 2022, pursuant to which the Company agreed to pay $100,000 (paid in May 2022) for the twelve months services upon completion of a financing raising minimum of $400,000. During the year ended December 31, 2022, the Company recorded $50,000 consulting service relating to this agreement.

8. RELATED PARTY DISCLOSURES (continued)

Key management personnel comprise the Company's board of directors and executive officers. Other than those disclosed above, no other remuneration was paid to key management personnel during the years ended December 31, 2023 and 2022.

9. LOAN

During the year ended December 31, 2023, the Company entered into a loan agreement with a 3rd party. The Company received $40,000 which bears interest of $5,000 upon signing of the agreement and 12% per annum due on demand. The Company has recorded interest expense of $5,873.

10. SHARE CAPITAL

Common Shares

The Company's authorized share capital consists of an unlimited number of common shares and with no par value.

Subsequent to the year ended December 31, 2023, the Board of directors authorized a 7-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts have been retrospectively restated for all periods presented unless otherwise stated.

There were no share issuances during the year ended December 31, 2021, but received investor deposits of $10,000 from certain investors which amount was included as shares to be issued. These shares have been issued on April 8, 2022 (see below).

On April 8, 2022, the Company issued 34,286 units at $0.70 per unit for gross proceeds of $24,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share for $1.40 for two years from the date of closing.

On April 22, 2022, the Company issued 264,286 units at $0.70 per unit for gross proceeds of $185,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share for $1.40 for two years from the date of closing. These common shares are issued with certain restrictions.

On April 29, 2022, the Company issued 161,428 units at $0.70 per unit for gross proceeds of $113,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share for $1.40 for two years from the date of closing. These common shares are issued with certain restrictions.

On May 27, 2022, the Company issued 360,000 units at $0.70 per unit for gross proceeds of $252,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share for $1.40 for two years from the date of closing. These common shares are issued with certain restrictions.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

The Company has allocated 100% proceeds to common shares and $Nil to share purchase warrants by applying the residual approach.

On July 19, 2023, the Company entered into a share exchange agreement with Lish Ventures Inc. to acquire the Toad River copper-cobalt property. The Company issued an aggregate of 714,286 common shares valued at $750,000.

On July 19, 2023, the Company issued 164,286 common shares valued at $97,750 for services received, which resulted in a gain on settlement of $2,250.

On September 5, 2023, the Company issued 42,857 common shares for proceeds of $25,500 and transferred $22,392 from reserves for the fair value of $47,892.

On September 13, 2023, the Company entered into an agreement to acquire the Mount Anderson property in the Yukon. Pursuant to the Agreement, the Company issued an aggregate of 142,857 common shares valued at $150,000 to the vendors.

Warrants

The outstanding warrants at December 31, 2023 and 2022 are comprised as follows:

Date of Expiry	Type	No. of Warrants	Weighted Average Exercise Price $
February 9, 2024*	Warrants – Private Placement	**150,857**	**1.40**
April 8, 2024*	Warrants – Private Placement	**34,286**	**1.40**
April 22, 2024*	Warrants – Private Placement	**264,286**	**1.40**
April 29, 2024	Warrants – Private Placement	**161,429**	**1.40**
May 27, 2024	Warrants – Private Placement	**360,000**	**1.40**
Total		**970,858**	**1.40**

* Expired unexercised subsequent to year end.

During the year ended December 31, 2022, the holders of all of the 428,571 warrants issued by the Company as a part of unit financings completed in fiscal year 2020 with the exercise price of $0.35 per share signed acknowledgments and agreed to cancel these warrants without further compensations. The Company also extended the terms of 150,857 common share purchase warrants from December 31, 2022 to twelve (12) months after the date of the common shares of the Company is listed on a Canadian stock exchange. These warrants were issued pursuant to the private placement of 150,857 units at a price of $0.70 per unit to arms-length parties for proceeds of $105,600 on December 31, 2020.

The weighted average remaining life of the outstanding warrants at December 31, 2023 is 0.32 years and December 31, 2022 is 1.32 years using the expiry dates from the date of warrants issuance dates.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

Continuity of the warrants to purchase common shares is as follows:

	December 31, 2023		December 31, 2022	
	Weighted Average Exercise Price ($)	**No. of Warrants**	Weighted Average Exercise Price ($)	No. of Warrants
Outstanding at beginning of year	**1.40**	**970,858**	0.84	808,000
Transactions during the year:				
Issued on private placements	-	-	1.40	820,000
Expired/cancellation of	-	-	0.70	(657,142)
Outstanding and exercisable at end of year	**1.40**	**970,858**	1.40	970,858

Options

The Company has adopted an incentive stock option plan and approved by the Company's Annual General Meeting dated August 2, 2022 (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

During the year ended December 31, 2023, the Company issued 157,143 stock options with a weighted average exercise price of $0.595 per share and a fair value of $82,103. The weighted average fair value per option was $0.49. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a weighted average life expectancy of 2 years, risk-free rate of 4.62% and volatility of 100%.

As at December 31, 2023, the following stock options were outstanding:

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2022 and 2021	-	$ -
Granted	157,143	0.595
Exercised	(42,857)	0.595
Balance, December 31, 2023	**114,286**	**$ 0.595**

The following table summarizes information concerning outstanding and exercisable options at December 31, 2023:

Exercise prices	**Number of options outstanding**	**Number of options exercisable**	**Weighted average life (years)**
$0.595	114,286	114,286	1.55

10. SHARE CAPITAL (continued)

Escrow Shares and Warrants

As at December 31, 2023, 542,321 common shares and 213,750 share purchase warrants of the Company were held in escrow.

11. SEGMENTED INFORMATION

Operating Segments

At December 31 2023, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada.

An operating segment is defined as a component of the Company:
- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

Geographic Information

The Company currently has one reportable segment for the year ended December 31, 2023, and 2022, being the exploration and evaluation of mineral properties in Canada.

12. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of shareholders' equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2023 and 2022.

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and to obtain sufficient funding to further the identification of mineral deposits.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner. The Company invests all capital that is surplus to its immediate operational needs in interest bearing accounts with a Canadian financial institution.

(Expressed in Canadian dollars)

13. INCOME TAXES

Income Tax Provision

A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates for the year ended December 31, 2023 and 2022 is as follows:

	2023	2022
Loss for the year	**(565,723)**	**(169,547)**
Combined statutory income tax rate	**27%**	**27%**
Recovery of income taxes computed at statutory rates	**(153,000)**	**(45,778)**
Change in statutory, foreign tax, foreign exchange rates and other	**20,000**	**-**
Permanent difference	**22,000**	**-**
Tax benefits of losses and temporary differences not recognized	**111,000**	**45,778**
Income tax provision	**-**	**-**

Deferred Income Tax Recovery

The Canadian statutory income tax rate of 27% is comprised of the federal income tax rate at approximately 15.0% and the provincial income tax rate of approximately 12%. The primary differences which give rise to the deferred income tax recoveries at December 31, 2023 and 2022 are as follows:

	2023	2022
Deferred income tax assets		
Non-capital losses carried forward	**248,000**	**107,700**
Exploration and evaluation assets	**-**	**19,488**
Unrecognized deferred income tax assets	**(248,000)**	**(127,188)**
Net deferred tax assets	**-**	**-**

The Company has available for carry forward non-capital losses in Canada of $883,000 to offset future taxable income which shall expire at various dates between 2040 and 2043.

14. SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the Company:

Entered into a loan agreement with a 3rd party. The Company received $20,000 which bears interest of $5,000 and 12% per annum due on demand.

Entered into an amended and restated investment and advisory agreement between the Company and Crescita Capital LLC ("Crescita") for an equity drawdown facility. The equity investment facility is in the aggregate amount of $5 million and the Company has three years to utilize the amount. Pursuant to the agreement, the Company paid a commitment fee to Crescita by issuing: (i) 238,095 common shares; and (ii) 134,685 transferable warrants of the Company, each warrant to be exercisable at $1.05, for three years. The fee warrants will vest and become exercisable on a one-to-one basis with each common share issued to Crescita under private placements. In addition, the company paid an initial $2,500 consulting fee to Crescita in consideration for the services provided to date, which was satisfied through the issuance of 2,380 common shares. In connection to this agreement, the Company had deferred financing costs of $39,516 capitalized.