COPPERHEAD RESOURCES INC.

FINANCIAL STATEMENTS

For the year ended December 31, 2023 and for the period from date of incorporation (February 17, 2022) to December 31, 2022

(Expressed in Canadian Dollars, unless otherwise noted)

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Adam Kim
ADAM SUNG KIM LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Copperhead Resources Inc.

Opinion
I have audited the financial statements of Copperhead Resources Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and December 31, 2022, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in equity for the year ended December 31, 2023 and for the period from the date of incorporation February 17, 2022 to December 31, 2022, and notes to the financial statements, including material accounting policy information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flow for the year ended December 31, 2023 and for the period from the date of incorporation February 17, 2022 to December 31, 2022 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion
I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern
I draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $332,508 during the period ended December 31, 2023 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $519,060 since its inception, and expects to incur further losses in the development of its business. 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. My opinion is not modified in respect of this matter.

Key Audit Matter
Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section of the auditor's report, I have determined the matters described below to be the key audit matters to be communicated in my auditors' report.

Evaluation of indicators of impairment for mineral property interests

<u>Description of the matter</u>

I draw attention to Notes 4 to the financial statements. The Company has mineral property interests of $52,500 as at December 31, 2023. The carrying amounts of the Company's mineral property interests are reviewed each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Significant judgment is required in assessing indicators of impairment. The Company completes an evaluation at each reporting period of potential impairment indicators.

<u>Why the matter is a key audit matter</u>
I identified the evaluation of indicators of impairment for mineral property interests as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of mineral property interests. This matter was of most significance due to the difficulties in evaluating the result of my audit procedures to assess the Company's determination of whether the factors, individually and in the aggregate, resulted in indicators of impairment.

How the matter was addressed in the audit

The following are the primary procedures I performed to address this key audit matter.

I evaluated the Company's analysis of impairment indicators by:
- Obtaining an understanding of management's process for developing an assessment of the existence of impairment indicators.
- Assessing whether the information in the analysis was consistent with information included in internal communicates to management and the Board of Directors, the Company's press releases, management's discussion and analysis, and other public filings
- Reading updated technical reports for any indicators of impairment arising from changes to estimates of mineral reserves and resources
- Considering evidence obtained in other areas of the audit, including the status of significant mineral licenses and expenditures on mineral properties, the results of exploration activities and any updates to estimates of mineral reserves and resources
- Comparing the Entity's market capitalization to the carrying value of its net assets.

Other Information
Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I are required to report that fact. I 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 IFRSs, 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
My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Adam Kim, CPA, CA.

"Adam Sung Kim Ltd."
Chartered Professional Accountant

10290 171A Street
Surrey, BC, Canada V4N 3L2
April 5, 2024

Copperhead Resources Inc.

Statements of Financial Position
As at

	Note	December 31, 2023	December 31, 2022
Assets			
Current assets:			
Cash and cash equivalents		$ 257,847	$ 474,996
Other receivables		21,036	4,164
Prepaid expenses		-	5,000
Total current assets		278,883	484,160
Mineral property interests	4	52,500	52,500
TOTAL ASSETS		$ 331,383	$ 536,660
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	5	$ 67,156	$ 96,828
Total current liabilities		67,156	96,828
Shareholders' equity:			
Share capital	6	705,438	626,384
Contributed surplus	7	77,849	-
Deficit		(519,060)	(186,552)
Total shareholders' equity		264,227	439,832
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 331,383	$ 536,660

Nature of operations and going concern (Note 1)

Approved and authorized for issue by the Board on April 5, 2024:

"Damian Lopez"
Signed: Director

"Matthew Larsen"
Signed: Director

Copperhead Resources Inc.

Statements of Loss and Comprehensive Loss
For the year ended December 31, 2023 and for the period from date of incorporation (February 17, 2022) to December 31, 2022

	Note		Year ended December 31, 2023		Date of Incorporation (February 17, 2022) to December 31, 2022
Operating expenses:					
Office and general		$	984	$	380
Exploration expenditures	9		69,370		118,111
Professional and consulting	5		98,582		67,616
Listing and filing fees			97,307		-
Stock-based compensation	7		77,849		-
Operating Loss before the undernoted:			(344,092)		(186,107)
Finance income			11,584		924
Foreign exchange loss			-		(1,369)
Net loss and comprehensive loss		$	(332,508)	$	(186,552)
Weighted average number of common shares			11,544,659		7,506,697
Loss per share - basic and diluted		$	(0.03)	$	(0.02)

Copperhead Resources Inc.

Statements of Shareholders' Equity
For the year ended December 31, 2023 and for the period from date of incorporation (February 17, 2022) to December 31, 2022

	Note	Number of common shares	Share capital	Number of special warrants	Special warrants	Contributed surplus	Deficit	Total
Balance, February 17, 2022		**-**	**$ -**	**-**	**$ -**	**$ -**	**$ -**	**$ -**
Incorporation share		1	-	-	-	-	-	-
Issuance of shares	6(i),(ii),(iii)	10,788,699	627,902	-	-	-	-	627,902
Share issuance costs		-	(1,518)	-	-	-	-	(1,518)
Net loss and comprehensive loss for the period		-	-	-	-	-	(186,552)	(186,552)
Balance at December 31, 2022		**10,788,700**	**$ 626,384**	**-**	**$ -**	**$ -**	**$ (186,552)**	**$ 439,832**
Issuance of shares	6(iv)	303,000	30,300	-	-	-	-	30,300
Issuance of special warrants	8	-	-	732,000	73,200	-	-	73,200
Special warrant issuance costs	8	-	-	-	(24,446)	-	-	(24,446)
Conversion of special warrants to common shares	6(v)	732,000	48,754	(732,000)	(48,754)	-	-	-
Issurance of stock options	7	-	-	-	-	77,849	-	77,849
Net loss and comprehensive loss for the year		-	-	-	-	-	(332,508)	(332,508)
Balance at December 31, 2023		**11,823,700**	**$ 705,438**	**-**	**$ -**	**$ 77,849**	**$ (519,060)**	**$ 264,227**

The accompanying notes are an integral part of these financial statements

Copperhead Resources Inc.

Statements of Cash Flows
For the year ended December 31, 2023 and for the period from date of incorporation (February 17, 2022) to December 31, 2022

	Note	Year ended December 31, 2023	Date of Incorporation (February 17, 2022) to December 31, 2022
Cash flows used in operating activities:			
Net loss and comprehensive loss		$ (332,508)	$ (186,552)
Share-based compensation	7	77,849	-
Changes in non-cash operating working capital			
Other receivables		(16,872)	(4,164)
Prepaid expenses		5,000	(5,000)
Accounts payable and accrued liabilities		(29,672)	96,828
Net cash used in operating activities		(296,203)	(98,888)
Cash flows from financing activities:			
Proceeds from the issuance of common shares	6(iv)	30,300	575,402
Proceeds from the issuance of special warrants	8	53,200	-
Issuance costs	8	(4,446)	(1,518)
Net cash provided by financing activities		79,054	573,884
(Decrease) Increase in cash and cash equivalents		(217,149)	474,996
Cash and cash equivalents, beginning		474,996	-
Cash and cash equivalents, ending		$ 257,847	$ 474,996
Supplementary cash flow information			
Interest paid		$ -	$ -
Income tax paid		$ -	$ -
Non-cash activities:			
Shares issued for mineral property interest		$ -	$ 52,500

The accompanying notes are an integral part of these financial statements

1. Nature of operations and going concern

Copperhead Resources Inc. (the "Company" or "Copperhead") was incorporated on February 17, 2022 under the *Business Corporations Act* (British Columbia). The address of the Company's registered office is 607 - 1750 Davie Street, Vancouver, BC V6G 1W3. The Company's common shares are publicly traded on the Canadian Securities Exchange (the "CSE") under the stock symbol "CUH."

The Company is an exploration stage junior mining company engaged in the business of identification, acquisition and exploration of mineral interests. The recovery of the amounts comprising mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These financial statements have been prepared by management 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. At December 31, 2023, the Company had not yet achieved profitable operations, had accumulated losses of $519,060 since its inception, and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in one or more of its properties or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

2. Basis of preparation

(a) Statement of compliance

The Company's financial statements 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").

(b) Basis of presentation

These financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Significant judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs..

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of mineral properties
Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Determination of functional currency
The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Site decommissioning obligations
The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

3. Significant accounting policies

The significant accounting policies used by the Company are as follows:

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less.

Mineral property interests and related costs

The Company charges all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves to operations. These costs would also include periodic fees such as license and maintenance fees.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration, option payment under an earn-in arrangement and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company may occasionally enter into option-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would otherwise be undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted as a gain on disposal.

Impairment of assets

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

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

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

Income taxes

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

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and 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 end of the reporting period. 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.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on fair value at the date the shares were issued. The fair value is determined by referring to concurrent financing or recent private placements for cash.

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The share component of the unit is measured at fair value determined by referring to concurrent financing or recent private placements for cash, and the warrant component is measured by reference to the residual value, if any. Any value allocated to the warrant component is credited to reserves.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. Dilutive potential common shares shall be deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares.

The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding options and warrants.

Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading 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 liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classifications under IFRS 9:

	Classification under IFRS 9
Cash	FVTPL
Receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

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

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) 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. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statement of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) De-recognition financial assets

The Company de-recognizes 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 to another entity.

Financial liabilities

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 de-recognition are generally recognized in profit or loss.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

As at December 31, 2023, the Company, given the early stage of exploration on its mineral properties, has no reclamation costs and therefore no provision for environmental rehabilitation has been made.

New and revised IFRS issued by not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the fiscal year ended December 31, 2023 and have not been applied in the preparation of these financial statements.

IAS 1 – Amendments to Classification of Liabilities as Current or Non-current

Amendments to International Accounting Standards (IAS) 1 Presentation of Financial Statements clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2024.

IAS 7 and IFRS 7 – Amendments to disclosure requirement supplier finance arrangements

In May 2023, the International Accounting Standards Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. With the amendments, the IASB has introduced new disclosure requirements in IFRS Standards to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

The amendments will be effective for annual reporting periods beginning on or after 1st January 2024, with early application permitted.

IAS 21 – Amendments relating to lack of exchangeability

In August 2023 the IASB issued an amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates, addressing the lack of exchangeability between currencies. The amendment introduces guidance to help entities determine whether a currency is exchangeable into another currency and provides requirements about the exchange rate to use when exchangeability is lacking. Specifically, it clarifies how to determine the exchange rate to apply when a currency cannot be exchanged for a freely convertible currency on an orderly basis due to a lack of exchangeability.

The amendments will be effective for annual reporting periods beginning on or after 1st January 2025, with early application permitted.

The Company has not early adopted these revised standards and these standards are not expected to have a material effect on the financial statements.

4. Mineral property interests

On April 6, 2022 (the "Commencement Date"), the Company entered into an agreement (the "Option Agreement") with Romios Gold Resources Inc ("Romios"). The Company has the option to acquire 75% of Romios' interest in a group of properties located in NW British Columbia, collectively referred to as the Red Line Project (or "Project"). The Company can exercise the option to acquire 75% of the project by:

i) Incurring exploration expenditures of
   - $75,000 within 12 months of the Commencement Date (Met);
   - $100,000 within 24 months of the Commencement Date (Met);
   - $150,000 within 36 months of the Commencement Date;

ii) Issuing:
   a. 1,000,000 common shares to Romios within 5 days of the Commencement Date (Issued on April 6, 2022);
   b. 500,000 common shares to Romios within 36 months of the Commencement Date;

iii) Making a cash payment of $75,000 on or before the third anniversary of the Commencement Date; and

iv) Enter into a joint venture with Romios to collectively operate the project, whereby the Company's initial interest in the joint venture shall be 75% and Romios's initial interest shall be 25%.

During the year ended December 31, 2023, acquisition costs of $nil was incurred on mineral property interests. During the period from date of incorporation (February 17, 2022) to ended December 31, 2022, $52,500 of acquisition costs was incurred on mineral property interests, which included an issuance of 1,000,000 common shares of the Company at a fair value of $0.05 per share to Romios on April 6, 2022 pursuant to (ii)(a) above and a finder's fee paid to a third party of 50,000 common shares of the Company at a fair value of $0.05 per share.

5. Related party transactions

Related parties include management and directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

As at December 31, 2023, $27,685 (December 31, 2022: $31,660) included in accounts payable and accrued liabilities is due to an entity in which a director of the Company is also a director and shareholder. These amounts are unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2023, the Company incurred $42,000 (for the period from date of incorporation (February 17, 2022) to December 31, 2022: $28,000) in professional fees from an entity in which a director of the Company is also a director and shareholder.

Total share-based compensation in the form of stock options granted to officers and directors for the year ended December 31, 2023 was $67,868 (for the period from date of incorporation (February 17, 2022) to December 31, 2022: $nil).

All related party transactions are in the normal course of operations and have been measured at the agreed to amount, which is the amount of consideration established and agreed to by the related parties.

6. Share capital

The Company was authorized to issue an unlimited number of common shares.

Issued

	Number of Common Shares	**Amount $**
Incorporation share, February 17, 2022	1	-
Share issuance (i)	6,200,000	308,482
Share issuance (ii)	1,050,000	52,500
Share issuance (iii)	3,538,699	265,402
Balance December 31, 2022	**10,788,700**	**626,384**
Share issuance (iv)	303,000	30,300
Special warrant conversion (v)	732,000	48,754
Balance December 31, 2023	**11,823,700**	**705,438**

(i) On March 11, 2022, the Company completed a non-brokered private placement for 6,200,000 common shares of the Company at a price of $0.05 per share, for gross proceeds of $310,000 less share issuance costs of $1,518.

(ii) On April 6, 2022, the Company issued of 1,000,000 common shares of the Company at a fair value of $0.05 per share pursuant to the Option Agreement (note 4(ii)). On February 24, 2022, 50,000 common shares of the Company were issued at a fair value of $0.05 per share as a finder’s fee paid to a third party.

(iii) On July 20, 2022, October 19, 2022, October 21, 2022, and November 25, 2022, common shares of the Company totalling 333,334, 133,333, 2,603,698, and 468,334 respectively were issued at a price of $0.075 per share.

(iv) On January 10, 2023, the Company completed a private placement of 303,000 common shares at $0.10 per share for gross proceeds of $30,300.

(v) On May 15, 2023, 732,000 Special Warrants were converted to 732,000 common shares (Note 8).

7. Stock options

The stock option plan of the Company provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers, consultants and employees of the Company, non-assignable and non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to ten (10) years from the date of the grant.

	Number of Options		Weighted Average Exercise Price	Expiry Date
Balance, February 17, 2022 and December 31, 2022	-	$	-	
Granted	975,000		0.10	December 1, 2028
Balance, December 31, 2023	**975,000**	**$**	**0.10**	

On December 1, 2023, the Company granted options to its directors and officers entitling the purchase of 975,000 common shares at a price of $0.10 per common share. The options are for a five-year term, expiring on December 1, 2028, and vest on the date of grant. Options granted were allocated an estimated fair value using the Black-Scholes option pricing model to estimate the fair value using the weighted average assumptions of an expected forfeiture rate of 0%, a risk-free interest rate of 3.5%, an expected dividend yield of 0%, an expected stock price volatility of 110%, and an expected option life of five years. This resulted in a calculated fair value per stock option of $ $0.07985. During the year ended December 31, 2023, the Company recognized $77,849 (for the period from date of incorporation (February 17, 2022) to December 31, 2022: $nil) of share-based compensation that were recorded as contributed surplus. The weighted average remaining contractual life of the options outstanding at December 31, 2023 is 4.92 years (for the period from date of incorporation (February 17, 2022) to December 31, 2022: nil).

8. Special warrants

On March 7, 2023, the Company issued 532,000 special warrants at $0.10 per special warrant for total proceeds of $53,200 and issued 200,000 special warrants as commission to the agent (the "Special Warrants") valued at $20,000. The Company incurred an additional $4,446 in issuance costs related to these Special Warrants. The Special Warrants automatically convert into common shares of the Company on a one to one basis on the earlier of the date that is (i) at any time, at the discretion of the Company or (ii) the third day following the issuance by a Canadian securities regulatory authority of a receipt for a final prospectus qualifying the issuance of the common shares upon conversion of the special warrants or (iii) on that date that is 12 months from the date of issuance of the Special Warrants. These Special Warrants were converted to common shares on a one-to-one basis on May 15, 2023 (see note 6(v)).

9. Exploration expenditures

The Company's exploration expenditures is as follows:

	Year ended December 31, 2023	Date of Incorporation (February 17, 2022) to December 31, 2022
Exploration and evaluation expenditures:		
	Red Line Project	
Assaying, analysis, and sampling	$ 3,414	$ 586
Equipment and Equipment Rentals	1,544	-
Geological consulting	28,640	54,411
Logistics	25,422	59,845
Personnel	5,271	-
Travel & lodging	5,079	3,269
	$ 69,370	$ 118,111

10. Financial instruments and risk management

Fair value hierarchy

As at December 31, 2023, the Company's only financial instruments are comprised of cash, other receivables and accounts payables. The fair value of these financial instruments approximates their carrying value due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2023, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at December 31, 2023 as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash	$ 257,847	-	-	$ 257,847
	$ 257,847	-	-	$ 257,847

As at December 31, 2023, there were no financial assets or liabilities measured and recognized in the statements of financial position at fair value that would be categorized as Level 2 or 3 in the fair value hierarchy above.

Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

(a) Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institution, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(b) Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations (see note 1). As at December 31, 2023, the Company had a cash balance of $257,847 to settle current and future liabilities and as such, is not exposed to significant liquidity risk.

(c) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

(d) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible. The foreign exchange risk is therefore manageable and not significant. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign exchange rates.

(e) Price risk
The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

(f) Capital management

The Company defines its capital as shareholders' equity. 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 and exploration and development of mineral properties. The Board of Directors do 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 properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. 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 period ended December 31, 2023.

11. Income taxes

The income taxes shown in the Statements of Loss and Comprehensive Loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

		2023		2022
Loss before income taxes	$	(332,508)	$	(186,552)
Combined federal and provincial tax rate		27.0%		27.0%
Expected income tax recovery		(89,777)		(50,369)
Items deductible and not deductible		14,419		(410)
Current and prior tax attributes not recognized		75,358		50,779
Deferred income tax recovery	$	-	$	-

Details of deferred tax assets are as follows:

		2023		2022
Non-capital loss carry-forwards	$	69,991	$	18,561
Resource expenditures		50,620		31,890
Share issuance costs		5,526		328
Less: Unrecognized deferred tax assets		(126,137)		(50,779)
	$	-	$	-

The Company has approximately $259,000 of non-capital losses available, which expire through to 2043 and may be applied against future taxable income. The Company also has approximately $240,000 of exploration and development costs which are available for deduction against future income for tax purposes. At December 31, 2023, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

12. Segmented information

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.