FORMATION METALS INC.

FINANCIAL STATEMENTS

Year Ended March 31, 2024

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Formation Metals Inc.

Opinion

We have audited the accompanying financial statements of Formation Metals Inc. (the "Company"), which comprise the statements of financial position as at March 31, 2024 and 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023, and its financial performance and its cash flows for the years 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 financial statements, which indicates that the Company incurred a loss of $141,946 during the year ended March 31, 2024. 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.

Key Audit Matters

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

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 6 to the financial statements, the carrying amount of the Company's E&E Assets was $530,269 as of March 31, 2024. As more fully described in Note 4 to the financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are 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 Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the 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 and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing agreements and vouching cash payments and share issuances.
- Assessing the Company's rights to explore E&E Assets.
- Obtaining, 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 financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current 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 Peter Maloff.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

July 26, 2024

FORMATION METALS INC.
Statements of Financial Position
As at
(Expressed in Canadian dollars)

	March 31, 2024	March 31, 2023
ASSETS		
Current		
Cash (Note 5)	$ 713,416	$ 2,005
Receivables	8,214	-
	721,630	2,005
Exploration and evaluation assets (Note 6)	530,269	-
	$ 1,251,899	$ 2,005
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	$ 34,482	$ 121,112
Shareholders' equity (Deficiency)		
Share capital (Note 8)	1,478,471	1
Deficit	(261,054)	(119,108)
	1,217,417	(119,107)
	$ 1,251,899	$ 2,005

Nature of business and continuing operations (Note 1)

Approved on Behalf of the Board on July 26, 2024:

"Deepak Varshney"
Deepak Varshney, Director

"Navin Kumar Varshney"
Navin Kumar Varshney, Director

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

FORMATION METALS INC.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

		Year ended March 31, 2024		Year ended March 31, 2023
EXPENSES				
Consulting fees	**$**	**-**	$	54,008
Professional fees (Note 7)		**56,092**		52,194
Regulatory and filing fees		**4,975**		-
Rent and administration charges		**57,197**		12,906
Shareholder communication		**32,750**		-
Transfer agent fees		**3,377**		-
		154,391		119,108
Interest income		**(12,445)**		-
Loss and comprehensive loss for the year	**$**	**141,946**	$	119,108
Basic and diluted loss per common share (Note 9)	**$**	**0.01**	$	119,108
Weighted average number of common shares outstanding - basic and diluted (Note 9)		**16,775,203**		1

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

FORMATION METALS INC.
Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)

	Share Capital (Note 8)				
	Shares	Amount	Share Subscriptions	Deficit	Total Shareholders' Equity
Balance, March 31, 2022	-	$ -	$ 1	$ -	$ 1
Share capital	1	1	(1)	-	-
Loss and comprehensive loss for the year	-	-	-	(119,108)	(119,108)
Balance, March 31, 2023	1	$ 1	$ -	$ (119,108)	$ (119,107)
Shares delisted pursuant to spin-out	(1)	(1)	-	-	(1)
Shares issued pursuant to spin-out	9,480,474	528,471	-	-	528,471
Shares issued pursuant to private placement	17,000,000	850,000	-	-	850,000
Shares issued for debt settlement	2,000,000	100,000	-	-	100,000
Loss and comprehensive loss for the year	-	-	-	(141,946)	(141,946)
Balance, March 31, 2024	28,480,474	$ 1,478,471	$ -	$ (261,054)	$ 1,217,417

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

FORMATION METALS INC.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended March 31, 2024	Year ended March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss and comprehensive loss for the year	$ (141,946)	$ (119,108)
Changes in non-cash working capital items:		
Increase in accounts receivable	(8,214)	1
Decrease in accounts payable and accruals	13,370	121,112
Net cash used in operating activities	(136,790)	2,005
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(1,799)	-
Net cash used in investing activities	(1,799)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of share capital	850,000	-
Net cash provided in financing activities	850,000	-
Increase in cash for the year	711,411	2,005
Cash, beginning of year	2,005	-
Cash, end of year	$ 713,416	$ 2,005
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

Supplemental information:

During the year ended March 31, 2024, the Company issued 9,480,474 common shares valued at $528,471 pursuant to the spin out arrangement (Note 6) and issued 2,000,000 units valued at $100,000 in settlement of debts (Note 8).

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Formation Metals Inc. (the "Company") was incorporated on March 1, 2022 under the laws of British Columbia. The Company's head office address is 1575 Kamloops Street, Vancouver BC, V5K 3W1, Canada. The registered and records office address is 400 – 1681 Chestnut Street, Vancouver BC, V7Y 1G5, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. On March 10, 2022, the Company entered into an Arrangement Agreement (the "Arrangement") with Usha Resources Ltd.("USHA"), a company with common directors, to transfer the Nicobat Nickel-Copper-Cobalt property to the Company whereby USHA shareholders will be issued one (1) share of the Company with respect to every five (5) shares of USHA owned on the share distribution record date (the "Share Distribution Record Date"). The Arrangement was completed on April 20, 2023 (Note 6, 8).

The Company's exploration and evaluation properties are at the exploration stage. The business of exploring for minerals and mining involves a high degree of risk. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities.

Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

The Company has a loss of $141,946 for the year end March 31, 2024 which resulted in an accumulated deficit of $261,054 as at March 31, 2024. The Company's ability to continue its operations is dependent upon obtaining additional financing sufficient to cover its operating costs. All the preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern.

These audited financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2024, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include but are not limited to the inflationary pressures, rising interest rates, the global financial climate and the conflicts in Ukraine and the Middle East are affecting current economic conditions and increasing economic uncertainty, which may impact the Company's operating performance, financial position and the Company's ability to raise funds at this time. While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

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

2. STATEMENT OF COMPLIANCE

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

The Company's financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. Management recognizes that the Company will need to obtain additional financial resources in order to meet its planned business objectives. There are no assurances that the Company will be able to obtain additional financial resources and/or achieve positive cash flows or profitability. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

3. BASIS OF PRESENTATION

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. The financial statements are presented in Canadian dollars, which is also the Company's functional currency. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow information. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

In addition, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments require the disclosure of 'material' rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 4 in certain instances.

(a) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 applicable to the period of expected realization or settlement.

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 tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

(b) Share capital

Common shares are classified as share capital. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects. The proceeds from the issue of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

(c) Basic and diluted loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(d) Financial instrument measurement and valuation

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data.

The measurement of the Company's financial instruments is disclosed in Note 12 to these financial statements. Any financial instrument that is valued using level 2 or 3 inputs will involve estimation uncertainty.

Financial assets

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

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of profit or 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 income (loss) in which 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.

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

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

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss (FVTPL) – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Amortized cost – This category consists of liabilities carried at amortized cost using the effective interest method. Accounts payable and accrued liabilities are included in this category. The Company derecognizes financial liability when its contractual obligations are discharged, cancelled or expire.

(e) Impairment of non-financial assets

Non-financial assets, including mineral properties 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 to its recoverable amount. An impairment loss is charged to statements of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in income or loss. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. These are typically the individual properties or projects.

(f) Share-based payments

Share-based payments to employees are measured at fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

(h) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances but are not necessarily readily apparent or recognizable at the time such estimate or assumption is made. Actual results may differ from these estimates.

Estimates and underlying assumptions used in determining asset and liability values are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgments

Going concern

The Company's management has assessed the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1.

Asset carrying values and impairment

The Company performs impairment testing when impairment indicators are present. In the determination of carrying values and impairment charges, management considers the recoverable amount which is the greater of fair value less costs of disposal and value in use in the case of mining assets. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Estimates

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development, and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. Costs related to the acquisition and exploration of mineral properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets after an impairment test and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

(Expressed in Canadian dollars)

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

5. CASH

Cash of $713,416 (2023 - $2,005) consist of:

	Year ended March 31, 2024	Year ended March 31, 2023
Bank balances	$ 713,416	$ 2,005

6. EXPLORATION AND EVALUATION OF ASSETS

During the year ended March 31, 2024, the Company completed a plan of arrangement with USHA whereby the Company issued 9,480,474 common shares valued at $528,471 as consideration in connection with the spin-off of USHA’s Nicobat Nickel-Copper-Cobalt property. The property is subject to a 2% net smelter returns royalty of which 1.5% can be repurchased for USD$2,000,000 until the end of the five-year period commencing from the date the property is put into commercial production. The Property is located in Dobie Township, near the village of Emo and the town of Fort Francis, Ontario and is focused on nickel copper and cobalt exploration.

(Expressed in Canadian dollars)

Acquisition Costs		**Nicobat, Ontario**
Balance, March 31, 2023	$	-
Contribution from spin-out assets:		
Acquisition costs		245,000
Consulting fees		36,094
Title claim fees		3,077
Geological reports		13,368
Assay sampling		23,313
Drilling expenses		197,229
Field expenses		10,390
Balance, March 31, 2024	$	528,471

Exploration Expenditures:		
Balance, March 31, 2023	$	-
Field Expenses		1,441
Title claim fees		357
Balance, March 31, 2024	$	1,798
Balance, March 31, 2024	**$**	**530,269**

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the year ended March 31, 2024, $6,455 (2023- $109,612) was due to related parties included in accounts payable and accrued liabilities:

Name of the Key management personnel	Company's Name	Nature of Transaction		Year ended March 31, 2024		Year ended March 31, 2023
Navin Varshney	Individual	Reimbursement	$	2,000	$	2,000
Deepak Varshney, CEO	Individual	Reimbursement		162		5
Khalid Naeem	Aterna Advisors Inc.	Accounting fee		14,000		6,500
Holding Company	Usha Resources Ltd.	Reimbursement		-		107,607

(Expressed in Canadian dollars)

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common and preferred shares without par value.

(b) Issued and outstanding

As at March 31, 2024, the issued share capital was comprised of 28,480,474 common shares.

During the year ended March 31, 2024 the Company issued 28,480,474 common shares pursuant to the following:

i. 9,480,474 common shares valued at $528,471, pursuant to the completion of spin-out Arrangement on April 20, 2023. (Note 6)

ii. 19,000,000 units issued on November 3, 2023 at $0.05 per unit. Each unit consisted of one common share and one warrant to acquire one additional common share exercisable at $0.20 per share for a period of two years. The Company issued 17,000,000 units for cash proceeds of $850,000 pursuant to private placement and issued 2,000,000 units valued at $100,000 for settlement of debt owing to Usha Resources Ltd., a company with common directors.

As at March 31, 2023, the issued share capital was comprised of 1 common share.

(c) Warrants

As at March 31, 2024, the Company had 19,000,000 warrants outstanding.

A summary of changes in outstanding warrants is as follows:

	Warrants outstanding	Weighted Average Exercise Price
Outstanding and exercisable at March 31, 2023	-	$ -
Warrants issued	19,000,000	0.20
Warrants exercised	-	-
Outstanding and exercisable at March 31, 2024	19,000,000	$ 0.20

The following warrants were outstanding at March 31, 2024:

	Number of warrants	Exercise Price	Expiry Date
Warrants:			
Common share purchase warrants	19,000,000	$ 0.20	November 3, 2025

(Expressed in Canadian dollars)

9. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended March 31, 2024 was based on the loss attributable to common shareholders of $141,946 (March 31, 2023 – $119,108) and the weighted average number of common shares outstanding of 16,775,203 (March 31, 2023 – 1).

10. INCOME TAXES

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

		2024		2023
Loss before income taxes	$	(141,946)	$	(119,108)
Expected income tax recovery at statutory rates	$	(38,000)	$	(32,000)
Change in statutory, foreign tax, foreign exchange rates and other		-		-
Change in unrecognized deductible temporary differences		38,000		32,000
Total income tax expense (recovery)	$	-	$	-

Significant components of the Company's deferred income tax assets (liabilities) not recognized are shown below:

		2024		2023
Non-capital losses carried forward	$	261,000	$	119,000

11. MANAGEMENT OF CAPITAL

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is not subject to any externally imposed capital requirements or debt covenants. There were no changes in the Company's approach to capital management during the year ended March 31, 2024.

12. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market Risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk and are disclosed as follows:

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at March 31, 2024, the Company is not exposed to currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

(iii) Price rate risk

The Company has no exposure to price risk with respect to equity prices as the Company is not listed. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's ability to continue as a going concern is dependent upon its ability to raise additional capital. The factors considered by management are disclosed in Note 1.

Fair Value Measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market date.

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities which are classified at amortized cost. The fair value approximates the carrying value because of the short-term nature of the instruments.