Kobrea Exploration Corp.

Financial Statements

For the year ended January 31, 2024 and the period from incorporation on March 16, 2022 to January 31, 2023

(Expressed in Canadian Dollars)

S H I M

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INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Kobrea Exploration Corp.

Opinion

We have audited the accompanying financial statements of Kobrea Exploration Corp. (the “Company”), which comprise the statements of financial position as at January 31, 2024 and 2023, and the statements of net and comprehensive loss, changes in shareholders’ equity and cash flows for the year ended January 31, 2024 and the period from the date of incorporation on March 16, 2022 to January 31, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2024 and 2023, and its financial performance and cash flows for the year ended January 31, 2024 and the period from the date of incorporation on March 16, 2022 to January 31, 2023 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates 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 year ended January 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditors’ report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 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.

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, 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 scepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Dong H. Shim.

“SHIM & Associates LLP”

Chartered Professional Accountants
Vancouver, Canada
21 May 2024

Kobrea Exploration Corp.
Statements of Financial Position
(Expressed in Canadian Dollars)

	January 31, 2024 $	January 31, 2023 $
ASSETS		
Current		
Cash and cash equivalents	383,958	367,507
	383,958	367,507
Mineral property (Note 4)	1	1
Total assets	**383,959**	**367,508**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	35,769	55,995
Total liabilities	35,769	55,995
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	754,149	495,000
Shares to be issued (Note 6)	1,050	-
Deficit	(407,009)	(183,487)
Total shareholders' equity	348,190	311,513
Total liabilities and shareholders' equity	**383,959**	**367,508**

Nature of business and going concern (Note 1)
Subsequent events (Note 10)

Approved and authorized for issuance on behalf of the Board of Directors on May 21, 2024 by:

"James Hedalen"	*"Rory Ritchie"*
James Hedalen, Director	**Rory Ritchie, Director**

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

Kobrea Exploration Corp.

Statements of Net and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the year ended January 31, 2024 $	For the period from March 16, 2022 to January 31, 2023 $
Expenses		
Advertising and promotion	2,240	-
Bank charges and interests	699	839
Exploration and evaluation costs (Notes 4 and 5)	7,890	100,976
Management fees (Note 5)	30,045	62,000
Office expenses	1,355	-
Professional fees	105,561	19,672
Regulatory and filing fees	75,732	-
Net and comprehensive loss	**223,522**	**183,487**
Loss per common share – basic and diluted	**(0.01)**	**(0.03)**
Weighted average number of common shares outstanding – basic and diluted	**16,441,430**	**5,717,022**

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

Kobrea Exploration Corp.

Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of shares	Share Capital $	Shares to be Issued $	Deficit $	Total Shareholders' Equity $
Balance, March 16, 2022 (date of incorporation)	-	-	-	-	-
Issuance of common shares	16,200,200	495,000	-	-	495,000
Loss for the period	-	-	-	(183,487)	(183,487)
Balance, January 31, 2023	**16,200,200**	**495,000**	**-**	**(183,487)**	**311,513**
Conversion of special warrants	2,589,496	258,949	-	**-**	258,949
Warrants exercised	1,000	200	-	**-**	200
Shares subscriptions received in advance	-	-	1,050	**-**	1,050
Loss for the year	-	-	-	(223,522)	(223,522)
Balance, January 31, 2024	**18,790,696**	**754,149**	**1,050**	**(407,009)**	**348,190**

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

Kobrea Exploration Corp.

Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended January 31, 2024 $	For the period from March 16, 2022 to January 31, 2023 $
OPERATING ACTIVITIES		
Net loss	(223,522)	(183,487)
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	(20,226)	55,995
	(243,748)	(127,492)
INVESTING ACTIVITIES		
Mineral property acquisition costs	-	(1)
	-	(1)
FINANCING ACTIVITIES		
Share subscriptions received in advance	1,050	-
Proceeds from exercise of warrants	200	-
Proceeds from common share issuances	258,949	495,000
	260,199	495,000
Change in cash	16,451	367,507
Cash, beginning of period	367,507	-
Cash, end of period	383,958	367,507

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

1. NATURE OF BUSINESS AND GOING CONCERN

Kobrea Exploration Corp. (the "Company") was incorporated on March 16, 2022 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The principal business of the Company is the acquisition, exploration and evaluation of resource properties. The head office and registered and records office of the Company is located at Suite 330 – 890 West Pender Street, Vancouver, British Columbia V6C 1L9. The Company's common shares are listed on the Canadian Stock Exchange (the "Exchange") under the symbol "KBX" and commenced trading on the Frankfurt Stock Exchange on January 23, 2024 under the symbol "F3I".

These financial statements have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a loss of $223,522 (2023 - $183,487) during the year ended January 31, 2024 and has working capital as at January 31, 2024 of $348,189 (2023 - $311,512), and has accumulated deficit as at January 31, 2024 of $407,009 (2023 - $183,487). The Company does not earn revenue and is reliant on share issuances for its funding. There is no assurance that sufficient funding (including adequate financing) will be available to conduct its business. These factors present a material uncertainty over the Company's ability to continue as a going concern. The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements were reviewed, approved and authorized for issuance by the Company's Board of Directors on May 21, 2024.

Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain 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.

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

3. MATERIAL ACCOUNTING POLICIES

Significant estimates and assumptions

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

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

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Mineral Property

(i) Exploration and evaluation

Staking costs, property option payments, and other costs associated with acquiring exploration and evaluation assets are capitalized and classified as intangible assets, whereas exploration and evaluation expenditures are recognized as expenses as they are incurred during the period. Exploration and evaluation expenditures include costs of conducting geological and geophysical surveys, equipment rental, geochemical analysis, mapping and interpretation, and costs to obtain legal rights to explore an area.

Management reviews the carrying value of capitalized exploration costs annually. The review is based on the Company's intentions for development of the undeveloped property.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

(ii) Development

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as mineral property acquisition and development costs. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management, are capitalized. Development expenditure is net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

3. MATERIAL ACCOUNTING POLICIES (continued)

Mineral Property (continued)

(iii) Impairment

The carrying value of all categories of mineral property and exploration are reviewed at least annually by management for indicators the recoverable amount may be less than the carrying value. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

Value-in-use is based on estimates of discounted future cash flows expected to be recovered from an asset through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources, future commodity prices and expected future operating and capital costs. Once calculated, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis. Impairment losses are recognized in other expenses. Assumptions, such as commodity prices, discount rate, and expenditures, underlying the fair value estimates are subject to risks uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

(iv) Provision for environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

3. MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The Company considered all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Share capital

The Company's common shares, special warrants, share purchase warrants and stock options are classified as equity instruments. Transaction costs directly attributable to the issue of common shares and special warrants are recognized as a deduction from equity as share issue costs, net of any tax effects. Common shares issued for consideration other than cash are valued based on their fair value at the date the shares are issued.

Share issue costs and other legal fees related to and incurred in advance of share subscriptions are recorded as deferred financing costs. Share issue costs related to uncompleted share subscriptions are charged to profit or loss.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. Under this method, the unit price is compared to the price of common shares in a concurred financing or to the market share price. The proceeds are first allocated to the share capital and any residual value is allocated to contributed surplus.

Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow through share arrangements are renounced to investors in accordance with Canadian tax legislation.

On issuance, the Company allocates the flow through share proceeds into: (i) share capital, (ii) flow through share premium, if any, and (iii) warrants, if any, using the residual value method. The premium recorded on the flow through share is recognized as a liability on the statement of financial position. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized is transferred to deficit. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

3. MATERIAL ACCOUNTING POLICIES (continued)

Loss per share

Basic earnings (loss) per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income taxes

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax
Deferred income tax is based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments

The Company recognizes financial assets and financial liabilities at fair value on the date the Company becomes a party to the contractual provisions of the instruments.

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

The Company classifies its financial liabilities at amortized cost. Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recorded to profit or loss.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or accumulated other comprehensive income (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Measurement Category
Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for future accounting periods. These updates are not applicable or consequential to the Company and have been omitted from discussion herein.

4. MINERAL PROPERTY

Upland Copper Property, Barriere, British Columbia, Canada
The Company acquired from a non-arm's length party the Upland property, located in Barriere, British Columbia, Canada consisting of eight mineral claims, for a total consideration of $1 (Note 5). During the year ended January 31, 2024, the Company incurred $7,890 (2023 - $100,976) of exploration and evaluation expenditures on this property that have been recognized as expenses in the statements of net and comprehensive loss.

(Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The Company entered into the following transactions with related parties:

	For the year ended January 31, 2024 $	For the period from March 16, 2022 to January 31, 2023 $
Management fees	30,045	62,000
Exploration and evaluation costs	7,365	-
	37,410	62,000

During the period from incorporation on March 16, 2022 to January 31, 2023, the Company acquired from a non-arm's length party the Upland Property consisting of eight mineral claims for a total consideration of $1 (Note 4).

As at January 31, 2024, accounts payable and accrued liabilities include $nil (2023 - $42,000) due to related parties.

6. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

As at January 31, 2024, the Company had 18,790,696 (January 31, 2023 - 16,200,200) common shares issued and outstanding.

b. Issued and outstanding

During the year ended January 31, 2024, the Company completed the following transactions:

i) On December 28, 2023, 2,589,496 special warrants were converted into 2,589,496 units of the Company, resulting in an issuance of 2,589,496 common shares and 2,589,496 share purchase warrants with an exercise price of $0.20 per share expiring on December 28, 2026.

ii) On January 25, 2024, the Company issued 1,000 common shares related to the exercise of warrants for total proceeds of $200.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

b. Issued and outstanding (continued)

During the period from incorporation on March 16, 2022 to January 31, 2023, the Company completed the following transactions:

i) On March 16, 2022, 200 common shares were issued to the incorporators of the Company for a nominal amount.

ii) On May 30, 2022, the Company issued 3,000,000 common shares at $0.005 per share for gross proceeds of $15,000.

iii) On June 10, 2022, the Company issued 750,000 flow-through shares at $0.02 per flow-through share for gross proceeds of $15,000. Full proceeds were allocated to share capital under residual value method.

iv) On August 15, 2022, the Company issued 2,500,000 non-flow-through shares at $0.02 per non-flow-through share for gross proceeds of $50,000. Concurrently, the Company issued 2,750,000 flow-through shares at $0.02 per flow-through share for gross proceeds of $55,000. Full proceeds were allocated to share capital under residual value method.

v) On January 17, 2023, the Company closed a non-brokered private placement of 2,400,000 units at $0.05 per unit for gross proceeds of $120,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share until December 28, 2026. Full proceeds were allocated to share capital under residual value method.

vi) On January 31, 2023, the Company closed a non-brokered private placement of 4,800,000 units at $0.05 per unit for gross proceeds of $240,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share until December 28, 2026. Full proceeds were allocated to share capital under residual value method.

c. Share purchase warrants

Changes in share purchase warrants issued and outstanding are as follows:

	Number of warrants	**Weighted average exercise price**
Balance at March 16, 2022	-	-
Issued	7,200,000	$0.10
Balance at January 31, 2023	**7,200,000**	**$0.10**
Issued	2,589,496	$0.20
Exercised	(1,000)	$0.20
Balance at January 31, 2024	**9,788,496**	**$0.13**

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

c. Share purchase warrants (continued)

As at January 31, 2024, the following share purchase warrants were outstanding:

Number of warrants	Exercise price	Expiry date	Remaining life (years)
7,200,000	$0.10	December 28, 2026	2.91
2,588,496	$0.20	December 28, 2026	2.91
9,788,496	$0.13		2.91

d. Special Warrants

On July 13, 2023, the Company issued 2,589,496 special warrants at a price of $0.10 per special warrant convertible into units for gross proceeds of $258,950. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one underlying share at an exercise price of $0.20 until December 28, 2026.

e. Escrow

On December 12, 2023, the Company entered into an escrow agreement and 3,000,200 common shares of the Company were placed in escrow. Under the escrow agreement, the common shares held in escrow will be released from escrow as to 300,020 on December 28, 2023 (released) and 450,030 common shares on each of June 28, 2024, December 28, 2024, June 28, 2025, December 28, 2025, June 28, 2026 and December 28, 2026. As at January 31, 2024, 2,700,180 common shares remained in escrow.

7. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 27% and the Company's effective income tax expense is as follows:

	2024 $	2023 $
Loss before income taxes	**(223,522)**	(183,487)
Combined federal and provincial rate	**27%**	27%
Expected income tax recovery	**(60,351)**	(49,541)
Change in unrecognized deferred tax assets	**60,351**	49,541
	-	-

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

	2024 $	2023 $
Non-capital losses	80,498	22,278
Mineral properties	29,394	27,263
	109,892	49,541
Unrecognized deferred income tax assets	(109,892)	(49,541)
	-	-

7. INCOME TAXES (continued)

The Company has not recorded deferred tax assets related to these unused non-capital loss carryforwards as it is not probable that future taxable income will be available to utilize these losses.

As at January 31, 2024, the Company has non-capital losses for income tax purposes of approximately $298,143 (2023 - $82,511 expiring in 2043, if unused) available for utilization in future years, subject to the final determination by taxation authorities, expiring from 2043 to 2044, if unused.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts payable and accrued liabilities.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value hierarchy has the following levels:

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

The carrying values of cash, accounts payable and accrued liabilities approximate their fair values due to the expected maturity of these financial instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(a) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty. The Company is not exposed to significant interest rate risk as the Company has no variable interest-bearing debt.

(b) Foreign currency risk
Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk
Price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company actively monitors commodity price changes and stock market prices to determine the appropriate course of action to be taken by the Company.

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future 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 currently is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year ended January 31, 2024.

10. SUBSEQUENT EVENTS

(a) On February 1, 2024, the Company issued an aggregate of 5,250 common shares pursuant to a warrant exercise for proceeds of $1,050.

(b) On February 26, 2024, the Company issued an aggregate of 5,000 common shares pursuant to warrant exercises for proceeds of $1,000.

(c) On March 6, 2024, the Company issued an aggregate of 1,000 common shares pursuant to a warrant exercise for proceeds of $200.

(d) On March 11, 2024, the Company issued an aggregate of 13,000 common shares pursuant to warrant exercises for proceeds of $2,600.

(e) On March 15, 2024, the Company issued an aggregate of 3,000 common shares pursuant to warrant exercises for proceeds of $600.

(f) On March 22, 2024, the Company issued an aggregate of 5,000 common shares pursuant to warrant exercises for proceeds of $1,000.

10. SUBSEQUENT EVENTS (continued)

(g) On April 5, 2024, the Company closed a non-brokered private placement of 3,784,000 units at $0.25 per unit and 833,333 flow-through shares at $0.33 per flow-through share for total gross proceeds of $1,221,000. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.50 per share until April 5, 2026. The Company paid finder's fees of $48,485 and issued 176,570 finder's warrants to arm's length finders in connection with the private placement. Each finder's warrant is exercisable at a price of $0.50 per share until April 5, 2026.

(h) On April 12, 2024, the Company issued an aggregate of 1,000 common shares pursuant to a warrant exercise for proceeds of $200.

(i) On April 23, 2024, the Company issued an aggregate of 1,000 common shares pursuant to a warrant exercise for proceeds of $200.

(j) On May 3, 2024, the Company issued an aggregate of 1,750 common shares pursuant to a warrant exercise for proceeds of $350.

(k) On May 10, 2024, the Company issued an aggregate of 1,000 common shares pursuant to a warrant exercise for proceeds of $200.

(l) On May 17, 2024, the Company issued an aggregate of 1,000 common shares pursuant to a warrant exercise for proceeds of $200.