CANARY GOLD CORP.

Consolidated Financial Statements

For the year ended June 30, 2024 and
the period from incorporation on May 9, 2022 to June 30, 2023

(Expressed in Canadian dollars)

October 28, 2024

To the Shareholders of Canary Gold Corp:

Opinion

We have audited the consolidated financial statements of Canary Gold Corp (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2024 and June 30, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year ended June 30, 2024 and the period from incorporation on May 9, 2022 to June 30, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2024 and June 30, 2023, and its financial performance and its cash flows for the year ended June 30, 2024 and the period from incorporation on May 9, 2022 to June 30, 2023 in accordance with IFRS® Accounting Standards.

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 audits 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 in the consolidated financial statements, which indicates that the Company incurred losses since inception and has an accumulated deficit as at June 30, 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management’s Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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.

Vancouver, British Columbia

October 28, 2024

MNP LLP

Chartered Professional Accountants

CANARY GOLD CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	**June 30, 2024**	June 30, 2023
		$	$
ASSETS			
Current			
Cash		**4,983**	399,348
GST/HST receivable		**12,908**	9,850
Prepaid expenses	5	**293,436**	105,042
		311,327	514,240
Exploration and evaluation asset	6	**100,000**	100,000
Total assets		**411,327**	614,240
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	**502,657**	62,856
Subscription liability	8	**10,000**	-
Total liabilities		**512,657**	62,856
SHAREHOLDERS' EQUITY			
Share capital	7(b)	**1,661,115**	1,099,970
Reserves		**19,014**	-
Accumulated other comprehensive income		**2,996**	-
Deficit		**(1,784,455)**	(548,586)
Total shareholders' equity (deficiency)		**(101,330)**	551,384
Total liabilities and shareholders' equity (deficiency)		**411,327**	614,240

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

Approved and authorized for issue on behalf of the Board of Directors.

"/s/ Andrew Lee Smith"	*"/s/ Al Kanji"*
Director	Director

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

CANARY GOLD CORP.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except number of shares)

	Note	**Year ended June 30, 2024**	Period from incorporation on May 9, 2022 to June 30, 2023
		$	$
Operating expenses			
Consulting fees		**67,500**	11,000
Director and management fees	8	**204,000**	137,500
Exploration and evaluation expenditures	6, 8	**333,771**	167,164
Filing fees		**23,505**	-
General and administrative		**69,220**	9,588
Insurance		**17,292**	-
Marketing fees		**69,025**	25,000
Professional fees	8	**431,592**	125,586
Travel and meals		**17,122**	64,767
		(1,233,027)	(540,605)
Foreign exchange loss		**(2,842)**	(7,981)
Net loss		**(1,235,869)**	(548,586)
Translation of foreign operations to presentation currency		**2,996**	-
Net loss and comprehensive loss		**(1,232,873)**	(548,586)
Net loss per share:			
Basic and diluted		**(0.04)**	(0.04)
Weighted average number of common shares:			
Basic and diluted		**28,612,358**	13,210,137

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

CANARY GOLD CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended June 30, 2024	Period from incorporation on May 9, 2022 to June 30, 2023
	$	$
Operating activities:		
Net loss for the year	**(1,235,869)**	(548,586)
Adjustments for:		
GST/HST receivable	**(3,058)**	(9,850)
Prepaid expenses	**(188,394)**	(105,042)
Accounts payable and accrued liabilities	**439,801**	62,856
Cash used in operating activities	**(987,520)**	(600,622)
Investing activities:		
Option payment for the New Frontiers Project	**-**	(25,000)
Cash used in investing activities	**-**	(25,000)
Financing activities:		
Proceeds from common shares issued in private placements	**615,275**	1,066,000
Shares issuance costs	**(35,116)**	(41,030)
Proceeds from common share subscriptions	**10,000**	-
Cash provided by financing activities	**590,159**	1,024,970
Effect of exchange rate on changes in cash	**2,996**	-
Net change in cash	**(397,361)**	399,348
Cash, beginning of year	**399,348**	-
Cash, end of year	**4,983**	399,348
Supplemental cash flow information:		
Cash interest paid	**-**	-
Cash income tax paid	**-**	-
Common shares issued as option payment for the New Frontiers Project	**-**	75,000

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

CANARY GOLD CORP.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Accumulated other comprehensive income	Deficit	Total shareholders' equity (deficiency)
	#	$	$	$	$	$
Balance, May 9, 2022 (incorporation) and June 30, 2022	-	-	-	-	-	-
Common shares issued in private placements	25,686,669	1,066,000	-	-	-	1,066,000
Share issuance costs	-	(41,030)	-	-	-	(41,030)
Common shares issued as option payment for the New Frontiers Project	500,000	75,000	-	-	-	75,000
Net loss for the year	-	-	-	-	(548,586)	(548,586)
Balance, June 30, 2023	26,186,669	1,099,970	-	-	(548,586)	551,384
Common shares issued in private placements	4,101,833	615,275	-	-	-	615,275
Share issuance costs	-	(54,130)	19,014	-	-	(35,116)
Translation of foreign operations to presentation currency	-	-	-	2,996	-	2,996
Net loss for the year	-	-	-	-	(1,235,869)	(1,235,869)
Balance, June 30, 2024	**30,288,502**	**1,661,115**	**19,014**	**2,996**	**(1,784,455)**	**(101,330)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Canary Gold Corp. (the "Company") was incorporated under the laws of British Columbia on May 9, 2022. The Company is a junior mineral exploration company engaged in the acquisition, exploration, and evaluation of natural resource properties in Brazil. The Company currently has the New Frontiers Project located in the Madeira River valley, Rondônia, Brazil. The Company's registered and records office is located at 200-551 Howe St., Vancouver, British Columbia, Canada, V6C 2C2.

On September 23, 2024, the Company filed a final prospectus (the "Prospectus") for the initial public offering of a minimum of 12,942,000 units of the Company at a price of $0.17 per unit for gross proceeds of $2,200,140, further described in Note 12. The closing of the public offering is subject to customary closing conditions, including the receipt of all necessary regulatory approvals. The Company has received conditional approval to list its common shares, including the shares issued and sold pursuant to the public offering, on the Canadian Securities Exchange ("CSE") under the symbol "BRAZ". Listing remains subject to the Company fulfilling all of the listing requirements of the CSE. A copy of the Prospectus is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

These audited consolidated financial statements for the year ended June 30, 2024 and the period from incorporation on May 9, 2022 to June 30, 2023 (the "financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to 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 is a resource exploration stage company, which does not generate any revenue and has been relying on equity-based financing to fund its operations. The Company incurred losses since inception and has an accumulated deficit of $1,784,455 as at June 30, 2024 (June 30, 2023 - $548,586). As at June 30, 2024, the Company has cash of $4,983 (June 30, 2023 - $399,348) and a working capital deficiency of $201,330 (June 30, 2023 - working capital surplus of $451,384). The Company may require additional financing, either through equity or debt financing, sale of assets, joint venture arrangements, or a combination thereof to meet its administrative obligations and to continue to explore and develop its exploration and evaluation assets. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern, and these adjustments may be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on October 28, 2024.

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

b) Basis of presentation

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS Accounting Standards for each type of asset, liability, income, and expense as set out in the accounting policies below.

c) Functional and presentation currency

The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's subsidiary is the Brazilian real. The financial statements are presented in Canadian dollars, except as otherwise noted. References to "CAD" are to Canadian dollars, references to "BRL" are to Brazilian reals.

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation

Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. All intercompany balances, transactions and expenses have been eliminated on consolidation.

These financial statements include the accounts of the Company and its wholly owned subsidiary Canary Gold Mineracao Ltda from its incorporation date in Brazil on July 11, 2023.

3. MATERIAL ACCOUNTING POLICIES

a) Foreign currency transactions

For foreign currency transactions, the Company translates each transaction by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of the reporting period, monetary assets and liabilities denominated in foreign currency are restated using the closing exchange rate at the reporting date, and non-monetary assets and liabilities measured at fair value are translated using the exchange rate at the date when fair value was measured. Exchange differences are recognized in profit or loss for the period in which they arise. However, if fair value changes for a non-monetary item measured at fair value are recognized in other comprehensive income, the exchange difference component of the change in fair value is also recognized in other comprehensive income.

For the presentation of the consolidated financial statements, assets and liabilities of the Company's foreign subsidiary whose functional currency is different from the presentation currency are translated at the closing exchange rate prevailing at the reporting date. Income and expenses are translated at the average exchange rates for the period where these approximate the rates on the dates of transactions. Exchange differences arising from translation of foreign operations are recognized in other comprehensive income in the period.

b) Cash

Cash consists of cash on hand and deposits in banks.

c) Exploration and evaluation assets

Upon acquiring the legal right to explore a property, all direct costs related to the acquisition of mineral property interests are capitalized. Exploration expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are recognized in profit or loss as incurred.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

d) Related party transactions

Related parties can include both individuals and corporate entities. Parties are considered related when one party has the ability, either directly or indirectly, to control or significantly influence the financial and operating decisions of the other. Additionally, parties are deemed related if they are under common control. A related party transaction occurs when there is a transfer of resources or obligations between these related parties.

e) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

The Company records proceeds from share issuances net of issue costs and any tax effects in equity. Common shares issued for consideration other than cash are valued based on their fair value on the date of issuance.

3. MATERIAL ACCOUNTING POLICIES (continued)

Valuation of equity units issued in private placements.

The Company allocates the proceeds from the issuance of units between common shares and share purchase warrants on a pro-rata basis based on the relative fair values at the date of issuance. The fair value of the common shares is based on the market closing price on the date the units are issued and the fair value of the share purchase warrants is determined using the Black-Scholes option pricing model ("BSM") as of the date of issuance.

Any value attributed to the warrants is recorded to reserves. Upon exercise, the fair value is reallocated from share purchase warrants reserve to issued share capital along with the associated proceeds from exercise.

f) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to equity financing transactions are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to profit or loss.

The fair value of warrants issued as share issuance costs is measured using the Black-Scholes option pricing model. The expected life of the warrants is set equal to their actual life. The risk-free interest rate is based on the yield of Canada Treasury bonds with a term matching the life of the warrants. Volatility is calculated using historical price returns over a period equal to the warrants' life. The fair value of these warrants is recorded within reserves.

g) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares. If the Company incurs net losses in a fiscal year, basic and diluted losses per share are calculated in the same manner as the effects of potential conversions to common shares would be anti-dilutive.

h) Financial instruments

Classification

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

A summary of the Company's classification of financial instruments under IFRS 9 *Financial Instruments* is as follows:

Financial instruments	**Classification**
Financial assets	
Cash	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Subscription liability	Amortized cost

Measurement

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.

3. MATERIAL ACCOUNTING POLICIES (continued)

i) Income taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized either in other comprehensive income (loss) or directly in equity, in which case it is recognized in other comprehensive income (loss) or in equity, respectively.

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

Deferred tax expense 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. Deferred tax expense is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j) New accounting standards and interpretations

The Company adopted the following amendments to accounting standards, which are effective for annual periods beginning on or after January 1, 2023:

<u>Disclosure of accounting policies - amendments to IAS 1 and IFRS Practice Statement 2</u>
The amendments to IAS 1 *Presentation of financial statements* and IFRS Practice Statement 2 *Making materiality judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had no impact on the Company’s disclosures of accounting policies as well as on the measurement, recognition or presentation of any items in the Company’s financial statements.

<u>Definition of accounting estimates - amendments to IAS 8</u>
The amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors* clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company’s financial statements.

<u>Deferred tax related to assets and liabilities arising from a single transaction - amendments to IAS 12</u>
The amendments to IAS 12 *Income Taxes* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company’s financial statements.

The Company has not early adopted any other new accounting standard, interpretation or amendment that has been issued but is not yet effective.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to exercise significant judgments in applying the Company’s accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual future outcomes could differ from present estimates and assumptions, which may require material adjustments to the Company’s financial statements. Revisions to accounting estimates are accounted for prospectively.

(Expressed in Canadian dollars, except where noted)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Significant accounting judgments in applying the Company's accounting policies and assumptions about the future and other key sources of estimation uncertainty that have the most significant effect on the amounts recognized in the financial statements are as follows:

a) Going concern presentation

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Management assesses the Company's ability to continue as a going concern at each reporting date using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates and assumptions of future cash flows and other events. Subsequent changes could materially impact the validity of the assessment.

b) Impairment assessment of exploration and evaluation assets

Exploration and evaluation assets are evaluated every reporting period to determine whether there are any indicators of impairment. If any such indicators exist, which is often judgment-based, a formal estimate of the recoverable amount is performed, and an impairment charge is recognized to the extent that the carrying amount exceeds the recoverable amount.

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, metal prices and forecasts, production budgets and forecasts, and life-of-mine estimates.

The determination of the recoverable amount requires management to assess the fair value of exploration and evaluation assets and measure value-in-use, both of which require the use of estimates and assumptions. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reversed with the impact recorded in profit or loss.

5. PREPAID EXPENSES

A summary of the Company's prepaid expenses is as follows:

	June 30, 2024	June 30, 2023
	$	$
Exploration and evaluation	**278,436**	5,042
General and administrative	**15,000**	-
Marketing fees	**-**	100,000
	293,436	105,042

(Expressed in Canadian dollars, except where noted)

6. EXPLORATION AND EVALUATION ASSET

The Company's exploration and evaluation asset comprises the New Frontiers Project located in the Madeira River valley, Rondônia, Brazil.

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

	$
Balance, June 30, 2022 and the date of incorporation on May 9, 2022	-
Cash option payment	25,000
Common shares issued as option payment (Note 7(b))	75,000
Balance, June 30, 2024 and June 30, 2023	**100,000**

A summary of the Company's exploration and evaluation expenditures is as follows:

	Years ended June 30,	
	2024	2023
	$	$
Chemical analysis	**-**	1,309
General and administrative	**14,171**	10,235
Geological consulting	**217,864**	-
Geophysics	**95,059**	83,264
Other exploration services	**6,677**	8,502
Project management	**-**	63,854
	333,771	167,164

On March 6, 2023, the Company entered into the option agreement with New Frontiers Gold Mineracao Ltda. (the "Optionor"). The Optionor is the legal and beneficial holder of certain properties located in the State of Rondonia, Brazil ("New Frontiers Project"). Pursuant to the option agreement, the Company has the option to acquire an undivided 70% interest in the New Frontiers Project.

On April 1, 2024, the Company and the Optionor amended the option agreement. Under the terms of the amended option agreement, the Company is entitled to acquire an initial 49% undivided interest in the New Frontiers Project for the following consideration (the "First Installment"):

Date	**Option payments**	**Minimum exploration expenditures**
Initial payment	• $25,000 cash (paid on October 19, 2022) • issue 500,000 common shares of the Company (issued on March 6, 2023)	Not applicable
No later than 10 days following the Company's initial public offering	• $125,000 cash • issue common shares of the Company with an aggregate value of $100,000	Not applicable
On or before April 1, 2026	• $200,000 cash • issue common shares of the Company with an aggregate value of $200,000	$2,500,000
On or before April 1, 2027	• $500,000 cash • issue common shares of the Company with an aggregate value of $500,000	$2,500,000

In addition, on or before April 1, 2027, the Company must provide a technical report prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* that includes a mineral resource estimate in respect of the New Frontiers Project.

Following the completion of the First Installment shown above, the Company is entitled to acquire an additional 21% undivided interest by funding all of the costs associated with a development program required for the delivery of a "preliminary economic assessment" within two years of completing the First Installment.

7. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

During the year ended June 30, 2024, the Company had the following share capital transactions:

- On September 15, 2023, the Company closed a private placement and issued 1,000,000 common shares at a price of $0.15 for gross proceeds of $150,000. In connection to the private placement, the Company paid cash finders' fees of $9,000 and issued 60,000 finders' warrants with a total fair value of $4,884. Each finders' warrant is exercisable at a price of $0.15 and expires on September 15, 2025.

- On November 17, 2023, the Company closed a private placement and issued 1,783,333 common shares at a price of $0.15 for gross proceeds of $267,500. In connection to the private placement, the Company paid cash finders' fees of $16,050 and issued 107,000 finders' warrants with a total fair value of $8,693. Each finders' warrant is exercisable at a price of $0.15 and expires on November 17, 2025.

- On December 21, 2023, the Company closed a private placement and issued 453,500 common shares at a price of $0.15 per share for gross proceeds of $68,025. In connection to the private placement, the Company paid cash finders' fees of $4,081 and issued 27,210 finders' warrants with a total fair value of $2,201. Each finders' warrant is exercisable at a price of $0.15 and expires on December 21, 2025.

- On February 28, 2024 the Company closed a private placement and issued 665,000 common shares at a price of $0.15 per share for gross proceeds of $99,750. In connection to the private placement, the Company paid cash finder's fees of $5,985 and issued 39,900 finders' warrants with a total fair value of $3,236. Each finders' warrant is exercisable at a price of $0.15 and expires on February 28, 2026.

- On March 8, 2024, the Company closed a private placement with the Company's directors and issued 200,000 common shares at a price of $0.15 per share for gross proceeds of $30,000 (Note 8).

During the period from incorporation on May 9, 2022 to June 30, 2023, the Company had the following share capital transactions:

- On November 15, 2022, the Company closed a private placement financing comprising 19,900,001 common shares for gross proceeds of $248,000.

- On December 8, 2022, the Company closed a private placement financing comprising 1,000,000 common shares at a price of $0.10 for gross proceeds of $100,000.

- On February 3, 2023, the Company closed a private placement financing comprising 4,786,668 common shares at a price of $0.15 for gross proceeds of $718,000. In connection with the private placement, the Company paid share issuance costs of $41,030 to two finders.

- On March 7, 2023, pursuant to the option agreement, the Company issued 500,000 common shares at a price of $0.15 for an aggregate value of $75,000 to the Optionor (Note 6).

c) Escrowed shares

In accordance with applicable securities rules and policies of the CSE, the Company entered into an escrow agreement (the "Escrow Agreement") with certain shareholders resulting in 10,250,001 common shares (the "Escrowed Shares"), representing 33.84% of the issued and outstanding common shares of the Company prior to the completion of the initial public offering, being deposited in escrow. Pursuant to the Escrow Agreement, 10% of the Escrowed Shares will be released from escrow on the listing date (the "Initial Release") and an additional 15% to be released on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months following the Initial Release. These Escrowed Shares may not be transferred, assigned, or otherwise dealt without the consent of the regulatory authorities.

(Expressed in Canadian dollars, except where noted)

7. SHARE CAPITAL (continued)

d) Finders' warrants

A summary of Company's finders' warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, June 30, 2023 and the date of incorporation on May 9, 2022	-	-
Issued	234,110	0.15
Balance, June 30, 2024	**234,110**	**0.15**

A summary of the Company's outstanding finders' warrants as at June 30, 2024, is as follows:

Date of expiry	Number of warrants	Weighted average exercise price	Weighted average remaining life
	#	$	Years
September 15, 2025	60,000	0.15	1.21
November 17, 2025	107,000	0.15	1.38
December 21, 2025	27,210	0.15	1.48
February 28, 2026	39,900	0.15	1.67
	234,110	**0.15**	**1.40**

As at June 30, 2024, the weighted average remaining contractual life of outstanding finders' warrants is 1.40 years (June 30, 2023 - nil).

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for finders' warrants issued during the year ended June 30, 2024, is as follows:

Share price	$0.15
Exercise price	$0.15
Expected life	2.00 years
Risk-free interest rate	4.44%
Expected volatility	100.00%
Expected annual dividend yield	0.00%

8. RELATED PARTY TRANSACTIONS

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 executive and non-executive members of the Company's Board of Directors, officers and companies controlled by key management personnel.

A summary of the Company's related party transactions is as follows:

	Years ended June 30,	
	2024	2023
	$	$
Director and management fees	**204,000**	137,500
Exploration and evaluation expenditures	**171,675**	63,854
Professional fees	**59,143**	-
	434,818	201,354

As at June 30, 2024, $78,346 was included in accounts payable and accrued liabilities for amounts due to companies controlled by officers (June 30, 2023 - $4,981). The amounts due are unsecured, due on demand and are non-interest bearing.

(Expressed in Canadian dollars, except where noted)

8. RELATED PARTY TRANSACTIONS (continued)

In March 2024, the Company received $10,000 from its directors in exchange for a future share issuance. The amount received was recorded as subscription liability on the consolidated statements of financial position.

On March 8, 2024, the Company closed a private placement with the Company's directors and issued 200,000 common shares at a price of $0.15 per share for gross proceeds of $30,000 (Note 7(b)).

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2024, financial instruments comprised of cash, accounts payable and accrued liabilities, as well as subscription liability that are classified as and measured at amortized cost. The carrying value of cash, accounts payable and accrued liabilities, and subscription liability approximate their respective fair values due to the short-term nature of these financial instruments.

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

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to fulfil its contractual obligations. The Company's credit risk relates primarily to cash. The Company minimizes its credit risk related to cash by placing cash with major financial institutions. The Company considers the credit risk to be minimal.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's primary exposure to liquidity risk is through accounts payable and accrued liabilities as well as subscription liability. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. As of June 30, 2024, the Company had cash of $4,983 (June 30, 2023 - $399,348) and working capital deficiency of $201,330 (June 30, 2023 - working capital surplus of $451,384). The Company will be required to raise additional funding to meet its financial obligations in the near term. There is no assurance that the necessary financing will be available in a timely manner or on terms acceptable to the Company. The Company assesses liquidity risk as high.

c) Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is exposed to foreign exchange risk from fluctuations in the Canadian dollar to the Brazilian real. A 1% change in the Canadian dollar exchange rate relative to the Brazilian real would change the Company's net loss by approximately $1,072.

A summary of the Company's financial liabilities that are denominated in the Brazilian real is as follows:

	June 30, 2024	June 30, 2023
	$	$
Accounts payable and accrued liabilities	**107,153**	-

(Expressed in Canadian dollars, except where noted)

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Years ended June 30,	
	2024	2023
	$	$
Net loss for the year	**(1,235,869)**	(548,586)
Combined federal and provincial statutory income tax rates	**27%**	27%
Expected income tax recovery	**(333,684)**	(148,118)
Non-deductible expenditures and non-taxable revenues	**-**	478
Change in statutory, foreign tax, foreign exchange rates and other	**2,905**	-
Share issuance costs	**(9,481)**	(11,078)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	**(23,625)**	-
Change in unrecognized deferred tax assets	**363,885**	158,718
Provision for income tax recovery	**-**	-

As summary of the significant components of the Company’s deferred tax assets and liabilities is as follows:

	Years ended June 30,	
	2024	2023
	$	$
Share issuance costs and financing fees	**54,645**	8,862
Non-capital losses	**325,765**	104,721
Exploration and evaluation assets	**142,193**	45,135
	552,603	158,718
Unrecognized deferred tax asset	**(552,603)**	(158,718)
Net deferred tax asset	**-**	-

A summary of the significant components of the Company’s temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position is as follows:

	June 30, 2024	**Expiry date range**
Temporary differences	$	
Share issuance costs and financing fees	202,390	2045 to 2048
Non-capital losses	1,212,236	See below
Exploration and evaluation assets	526,639	No expiry date

As at June 30, 2024, the Company has $1,160,964 of Canadian non-capital income tax losses (unrecognized) which will expire over 2042 to 2044.

As at June 30, 2024, the Company has $51,271 of Brazilian non-capital income tax losses (unrecognized) which will be carried forward indefinitely.

11. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to continue as a going concern and support its exploration of its exploration and evaluation asset. The Company obtains funding primarily through issuing common shares. Future financing is dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the year ended June 30, 2024. The Company is not subject to externally imposed capital requirements.

12. SUBSEQUENT EVENTS

On September 23, 2024, the Company filed the Prospectus for the initial public offering of a minimum of 12,942,000 units of the Company at a price of $0.17 per unit for gross proceeds of $2,200,140. The closing of the public offering is subject to customary closing conditions, including the receipt of all necessary regulatory approvals. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.25 for a period of 12 months from the date of issuance. Following the completion of the offering, if the closing price of the Company's common shares on the CSE is at or above $0.50 for 30 consecutive trading days, the Company may elect to accelerate the expiry date of the warrants to a date that is 30 calendar days after it provides written notice of the new expiry date to the warrant holders.

On August 31, 2024, the Company entered into a debt waiver agreement with Iron Mask Explorations Limited ("IME"), an entity controlled by the Company's CEO. Under the agreement, IME forgave a total of $84,000 in accounts payable related to past management services, of which $63,279 was recorded in accounts payable and accrued liabilities as of June 30, 2024.

On August 31, 2024, the Company entered into a debt waiver agreement with Talisman Venture Partners Ltd. ("TVP"), a service provider to the Company. Under the agreement, TVP forgave a total of $63,000 in accounts payable for past consulting fees, of which $49,370 was recorded in accounts payable and accrued liabilities as of June 30, 2024.

On October 18, 2024, the Company entered into a loan agreement with a director of the Company (the "Lender") for $44,940 (the "Loan Amount"). Pursuant to the loan agreement, the Company agrees to pay a transaction fee of $2,500 (the "Fee") to the Lender upon the receipt of the Loan Amount. The Loan Amount and the Fee require repayment by November 30, 2024. If the Loan Amount and the Fee is not paid in full by November 30, 2024, the outstanding balance will bear interest at 5.0% per annum accrued monthly.