

MARGARET LAKE DIAMONDS INC.

Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

Expressed in Canadian Dollars

10290 171A STREET
SURREY, BC V4N 3L2

T: 604.318.5465
E: adamkimltd@gmail.com

Adam Kim
ADAM SUNG KIM LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Margaret Lake Diamonds Inc.

Opinion

I have audited the consolidated financial statements of Margaret Lake Diamonds Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at May 31, 2024, and the consolidated statement of loss and comprehensive loss, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at May 31, 2024, and its consolidated financial performance and its cash flow for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

I draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$1,214,146 during the year ended May 31, 2024 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of \$10,332,542 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements for the year ended May 31, 2024. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Except for the matter described in the "Material Uncertainty Related to Going Concern" section of the auditor's report, I have determined there are no key audit matters to communicate in my auditor's report.

Other Matter

The consolidated financial statements of the Company for the year ended May 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on October 2, 2023.

Other Information

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

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

In connection with my audit of the consolidated financial statements, my 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 my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I 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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

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

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

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

"Adam Sung Kim Ltd."
Chartered Professional Accountant

10290 171A Street
Surrey, BC, Canada V4N 3L2
September 25, 2024

MARGARET LAKE DIAMONDS INC.

Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)

	Note	May 31, 2024 \$	May 31, 2023 \$
Assets			
Current assets			
Cash		32,325	108,756
Receivables	3	118,557	114,499
Prepaid expenses		5,000	16,528
		155,882	239,783
Exploration and evaluation assets	4	-	1,184,204
Total Assets		155,882	1,423,987
Liabilities and shareholders' equity (deficit)			
Current liabilities			
Trade and other payables	5	490,696	452,509
Contributions from JV		-	43,966
Flow-through premium liability		10,505	10,505
Due to related parties	7	3,520	51,700
Total Liabilities		504,721	558,680
Shareholders' equity (deficit)			
Share capital	6	9,119,212	9,119,212
Reserve	6	864,491	864,491
Deficit		(10,332,542)	(9,118,396)
Total Shareholders' equity (deficit)		(348,839)	865,307
		155,882	1,423,987

Nature of operations (Note 1)
Proposed transaction (Note 10)

Approved by the Board of Directors on September 25, 2024

"Yari Nieken"

Yari Niekan, Director

"Andreas Schleich"

Andreas Schleich, Director

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

MARGARET LAKE DIAMONDS INC.

Consolidated Statement of Changes in Equity
For the Years Ended May 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Share Capital		Reserves	Subscriptions Received (Receivable)	Deficit	Total Equity
	Shares	Amount \$				
Balance May 31, 2022	1,200,810	6,826,595	627,361	43,000	(7,456,663)	40,293
Shares issued for private placement (net)	1,370,446	1,779,256	45,804	(43,000)	-	1,782,060
Shares issued for private placement (net)	2,000,000	394,450				394,450
Shares issued for settlement of debt	80,688	56,481	28,276	-	-	84,757
Shares issued for settlement of debt	89,286	62,430	31,288			93,718
Stock-based compensation (Note 6)	-	-	131,762	-	-	131,762
Net loss for the year	-	-	-	-	(1,661,733)	(1,661,733)
Balance May 31, 2023	4,741,230	9,119,212	864,491	-	(9,118,396)	865,307
Net loss for the year	-	-	-	-	(1,214,146)	(1,214,146)
Balance May 31, 2024	4,741,230	9,119,212	864,491	-	(10,332,542)	(348,839)

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

MARGARET LAKE DIAMONDS INC.

Consolidated Statement of Loss and Comprehensive Loss
For the Years Ended May 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	Years ended	
		May 31, 2024 \$	May 31, 2023 \$
Expenses:			
Consulting	7	13,960	475,065
Directors fees	7	12,000	6,000
Interest expense		20,667	11,596
Marketing		5,000	265,000
Advertising and investor relations		13,000	233,000
Office and administration		125,641	94,675
Professional fees		28,900	193,089
Management fees	7	120,000	80,000
Regulatory fees		18,534	47,064
Stock-based compensation	6,7	-	131,762
Shareholder communications		-	43,880
Travel and related		16,206	30,555
Loss before other items		(373,908)	(1,611,686)
Foreign exchange loss		-	(103)
Loss on sale of exploration and evaluation assets	4	(840,238)	(142,667)
Amortization of flow-through premium liability		-	22,828
Gain on debt settlement		-	85,395
Write-off of deposit		-	(15,500)
Net and comprehensive loss		(1,214,146)	(1,661,733)
Loss per common share			
Basic and diluted		(0.26)	(0.53)
Weighted average number of common shares outstanding		4,741,230	3,135,822

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

MARGARET LAKE DIAMONDS INC.

Consolidated Statement of Cash Flow

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

	May 31, 2024	May 31, 2023
	\$	\$
Cash provided by (used in):		
Operating activities:		
Net loss	(1,214,146)	(1,661,733)
Stock-based compensation	-	131,762
Amortization of flow-through premium liability	-	(22,828)
Gain on debt settlement	-	(85,395)
Loss on sale of exploration and evaluation asset	840,238	142,667
Write-off of deposit	-	15,500
Changes in non-cash working capital item:		
Receivables	(4,058)	(71,096)
Prepaid expenses	11,528	(14,628)
Trade and other payables	38,187	(328,968)
Due to related parties	(48,180)	(78,032)
Net cash used in operating activities	(376,431)	(1,972,751)
Investing activities:		
Exploration and evaluation assets	-	(178,418)
Proceeds received on sale of exploration and evaluation assets	300,000	30,563
Net cash used in investing activities	300,000	(147,885)
Financing activities:		
Private placement (net)	-	2,252,844
Subscriptions received	-	(43,000)
Net cash provided by financing activities	-	2,209,844
Change in cash	(76,431)	89,208
Cash, beginning	108,756	19,548
Cash, ending	32,325	108,756
Supplemental disclosures:		
Interest paid	-	-
Income taxes paid	-	-

Non-cash transactions:

During the year ended May 31, 2024, there were no non-cash transactions.

During the year ended May 31, 2023, the Company issued 169,974 common shares at a fair value of \$118,911 to settle debt.

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

1. Nature of operations

Margaret Lake Diamonds Inc. (the “Company”) was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on February 9, 2011. The Company is focused on the exploration of mineral properties.

The Company’s principal address and head office and registered and records office is Suite 501, 3292 Production Way, Burnaby, BC, V5A 4R4.

These consolidated 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.

The Company is in the process of exploring its mineral resource properties and has not determined whether these properties contain mineral reserves, which are economically recoverable. The Company’s ability to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependent on the ability of the Company to raise additional financing in order to complete the exploration of its properties, the discovery of economically recoverable reserves and upon future profitable production or proceeds from disposition of the Company’s exploration and evaluation assets. As a resource company in the exploration stage, the ability of the Company to complete its acquisition, exploration and evaluation will be affected principally by its ability to raise adequate amounts of capital through equity financing, debt financings, joint venturing of projects and other means. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern and the adjustments could be material.

The Company has an accumulated deficit of \$10,332,542 at May 31, 2024 (May 31, 2023 - \$9,118,396) and a working capital deficit of \$348,839 (May 31, 2023 – \$318,897).

The consolidated 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.

2. Significant accounting policies and basis of presentation

Statement of compliance with International Financial Reporting Standards (“IFRS”)

These financial statements were authorized for issue on September 25, 2024 by the directors of the Company.

Statement of compliance

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

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs except for financial instruments measured at fair value, modified where applicable and are presented in Canadian dollars unless otherwise noted.

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

2. Significant accounting policies and basis of presentation (continued)

Consolidation

During the year ended May 31, 2023, by way of Asset Purchase Agreement, the Company sold 100% of the shares of its wholly owned subsidiary, National Uranium Corp. ("National") a Colorado corporation which owned 100% of the mining claims known as the Mormon Lake Project, Arizona ("Mormon Lake") for consideration of \$30,563 (US\$23,000).

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, National up to April 23, 2023, the date of disposition.

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 year in which estimates are revised.

Significant estimates and assumptions made by management affecting the financial statements include:

Share-based Payments

Estimating fair value for granted stock options and compensatory warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Deferred Tax Assets and Liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities 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 of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities 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 or liabilities, and deferred income tax provisions or recoveries could be affected.

Recoverability of Exploration & Evaluation Assets

The Company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

2. Significant accounting policies and basis of presentation (continued)

Income taxes

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

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are presented separately, except where there is a right of set-off within fiscal jurisdictions.

Flow-through shares

The Company renounces qualifying Canadian exploration expenditures to certain share subscribers who subscribe for flow-through shares in accordance with the Income Tax Act (Canada). Under these provisions, the Company is required to incur and renounce qualifying expenditures on a timely basis for the respective flow-through subscriptions and, accordingly, it is not entitled to the related tax deductions and tax credits for such expenditures.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability. Provided that the Company has renounced the related expenditures or that there is a reasonable expectation that it will do so, the liability is reduced on a pro-rata basis as the expenditures are incurred and a deferred liability is recognized. The reduction to the flow-through tax liability is recognized in profit and loss as a deferred tax recovery.

To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred taxes would be recorded.

Share-based payments

Share-based payments to employees are measured at the 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 reserve. 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.

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

2. Significant accounting policies and basis of presentation (continued)**Foreign currency translation**

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Canadian dollars which is the Company's functional and presentation currency. The functional currency for the Company's subsidiary is the Canadian dollar.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the period end exchange rate. Non-monetary assets and liabilities measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary assets and liabilities measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of loss and comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Financial instruments

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company's cash, receivables, trade payables, and due to related parties are classified at amortized cost.

Measurement**Financial assets at FVTOCI**

Elected 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 recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

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

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

2. Significant accounting policies and basis of presentation (continued)

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

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

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

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Interest in jointly controlled asset

During the year ended May 31, 2024, the Company sold its interest in a joint venture, which was involved in mineral exploration of the Diagrass Property (Note 4). No separate entity was created upon entering the Joint Venture Agreement. All decisions regarding exploration of the property will be made by a management committee consisting of two appointees by each of the Company and Arctic Star Exploration Corp. ("Arctic Star").

During the year ended May 31, 2024, the Company sold its 18.5% (2022 – 18.5%) of the interest in the Diagrass JV, at the time of sale Arctic Star had 81.5% of the interest.

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

2. Significant accounting policies and basis of presentation (continued)**Loss per share**

Loss per share is computed by dividing 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.

Agent's warrants and warrants

Warrants issued to agents in connection with a financing are recorded at fair value and charged to share issuance costs associated with the offering with an offsetting credit to equity reserves in shareholders' equity.

Warrants included in units offered to subscribers in connection with financing are valued using the residual value method, whereby proceeds are first allocated to the fair value of the shares and the excess, if any, allocated to the warrants.

Recent accounting pronouncements

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual periods beginning on or after May 31, 2024. These standards have been assessed to not have a significant impact on the Company's financial statements.

3. Receivables

	May 31, 2024	May 31, 2023
	\$	\$
GST receivable	118,557	114,499

4. Exploration and evaluation assets***Diagras Property***

On November 7, 2016, the Company entered into an Option and Joint Venture Agreement ("JV Agreement") with Arctic Star (TSX-V: ADD), under which it acquired a 60% interest in 23 mineral claims located in the Northwest Territories, Canada (the "Diagras Property"). The Company formed a joint venture with Arctic Star (the "Diagras JV") to jointly explore the Diagras Property on the 60-40 joint venture basis, with the Company acting as the operator. During the year ended May 31, 2022, the Company's interest in the Diagras JV was diluted to 18.5% and Arctic Star became the operator of the Diagras JV.

On March 22, 2024, the Company divested of its 18.5% interest in the Diagras Property. Pursuant to a joint venture interest acquisition agreement dated March 22, 2024, its 18.5% interest in the Diagras Property was sold by the Company for consideration of \$300,000 cash. The Company and Arctic Star also entered into a termination and release agreement dated March 20, 2024 releasing Arctic Star from any claims held by the Company in the Diagras Property and subsequently, the Diagras JV was terminated. In connection with the sale, the Company recognized loss of \$840,238 on sale of exploration and evaluation asset to a consolidated statement of loss during the year ended May 31, 2024.

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

4. Exploration and evaluation assets (continued)**Mormon Lake Uranium**

On January 17, 2021, the Company entered into a purchase option agreement with Gold Express Mines, Inc. ("GEM") whereby the Company was granted sole and exclusive rights to acquire a 100% interest in the Mormon Lake Uranium property located near Payson, Arizona. GEM retains a 2% NSR on the property.

During the year ended May 31, 2022, the Company exercised its right to acquire 100% interest and paid US\$30,000 (CAD - \$38,230) and issued 50,000 common shares (issued with a fair value of \$135,000) to complete its obligations pursuant to the option agreement. These claims were held under the Company's wholly owned subsidiary, National Uranium Corp.

During the year ended May 31, 2023, by way of Asset Purchase Agreement, the Company sold 100% of the shares of National for consideration of \$30,563 (US\$23,000), recording a loss on sale of \$142,667.

The following table summarizes the Company's exploration and evaluation asset expenditures:

	Mormon Lake \$	Diagras \$	Total \$
Balance, May 31, 2022	173,230	1,005,786	1,179,016
Deferred exploration costs	-	178,418	178,418
Sale of exploration and evaluation asset	(173,230)	-	(173,230)
Balance, May 31, 2023	-	1,184,204	1,184,204
Adjustment on JV exploration contribution	-	(43,966)	(43,966)
Sale of exploration and evaluation asset	-	(1,140,238)	(1,140,238)
Balance, May 31, 2024	-	-	-

5. Trade and other payables

	May 31, 2024 \$	May 31, 2023 \$
Trade payables	251,677	229,570
Accrued liabilities	136,580	120,500
Payroll liabilities	102,439	102,439
	490,696	452,509

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

6. Share capital

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

There were no shares issued during the year ended May 31, 2024

The following are the share capital issuances during the year ended May 31, 2023:

On June 17, 2022, the Company closed the first tranche of a private placement financing raising a total of \$777,368 by way of issuing:

- 68,300 flow through units priced at \$1.50, each unit was comprised of one common share and one warrant exercisable to purchase one common share at a price of \$3.00 for a period of 24 months from the date of issuance and;
- 482,084 units priced at \$1.40, each unit was comprised of one common share and one warrant exercisable to purchase one common share at a price of \$2.80 for a period of 24 months from the date of issuance. 8,571 of these units were issued to settle debt of \$12,000.

The Company paid a combined total of \$20,749 in finders fees on the first tranche of the financing and issued 7,584 finder's warrants, each warrant entitles the holder to purchase one common share at a price of \$3.00 for a period of 24 months after the date of issuance, and 5,064 finder's warrants, each warrant entitles the holder to purchase one common share at a price of \$2.80 for a period of 24 months after the date of issuance. The 7,584 finder's warrants were recorded at a fair value of \$6,597, measured using the Black-Scholes Option Pricing Model using the following assumptions: stock price on issue date of \$1.35, exercise price of \$3.00, expected life of 2 years, risk free rate of 3.20%, volatility of 161%, and dividend yield of 0%. The 5,064 finder's warrants were recorded at a fair value of \$4,475, measured using the Black-Scholes Option Pricing Model using the following assumptions: stock price on issue date of \$1.35, exercise price of \$2.80, expected life of 2 years, risk free rate of 3.20%, volatility of 161%, and dividend yield of 0%.

On July 18, 2022 the Company closed the second and final tranche of the private placement financing, raising a total of \$1,174,589 by way of issuing:

- 265,033 flow through units priced at \$1.50, each unit was comprised of one common share and one warrant exercisable to purchase one common share at a price of \$3.00 for a period of 24 months from the date of issuance and;
- 555,029 units priced at \$1.40, each unit was comprised of one common share and one warrant exercisable to purchase one common share at a price of \$2.80 for a period of 24 months from the date of issuance.

The Company paid a total of \$41,600 in finders fees on the second tranche of the financing and issued 3,733 finder's warrants, each warrant entitles the holder to purchase one common share at a price of \$3.00 for a period of 24 months after the date of issuance, and 25,714 finder's warrants, each warrant entitles the holder to purchase one common share at a price of \$2.80 for a period of 24 months after the date of issuance. The 3,733 finder's warrants were recorded at a fair value of \$4,345, measured using the Black-Scholes Option Pricing Model using the following assumptions: stock price on issue date of \$1.75, exercise price of \$3.00, expected life of 2 years, risk free rate of 3.22%, volatility of 157%, and dividend yield of 0%.

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

6. Share capital (continued)

The 25,714 finder's warrants were recorded at a fair value of \$30,387, measured using the Black-Scholes Option Pricing Model using the following assumptions: stock price on issue date of \$1.75, exercise price of \$2.80, expected life of 2 years, risk free rate of 3.22%, volatility of 157%, and dividend yield of 0%. Aggregate legal fees paid in connection to both tranches of the private placement totaled \$30,744.

On August 5, 2022, pursuant to a debt settlement agreement, the Company settled debt in the amount of \$53,537, by way of issuing 38,241 units, with each unit consisting of one share and one common share purchase warrant entitling the holder to purchase an additional share at a price of \$2.80 for a period of two years from the date of issuance. The fair value of common shares issued was \$26,768 and the fair value of warrants issued was \$13,401 (Note 7e), measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price on issue date of \$0.70, exercise price of \$2.80, expected life of 2 years, risk free rate of 4.12%, volatility of 150%, and dividend yield of 0%.

On August 5, 2022, pursuant to a debt settlement agreement, the Company settled debt in the amount of \$75,000 by way of: a cash payment of \$10,000 and the issuance of 42,447 units, each unit consisting of one share and one common share purchase warrant entitling the holder to purchase an additional share at a price of \$2.80 for a period of two years from the date of issuance. The fair value of common shares issued was \$29,713 and the fair value of warrants issued was \$14,875 (Note 7e), measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price on issue date of \$0.70, exercise price of \$2.80, expected life of 2 years, risk free rate of 4.12%, volatility of 150%, and dividend yield of 0%.

On November 3, 2022, pursuant to a debt settlement agreement, the Company settled debt in the amount of \$240,257 by way of: a cash payment of \$10,000, a cash payment of \$90,000 due on closing of the Company's next private placement financing under which the Company raises gross proceeds of not less than \$750,000 (accrued at May 31, 2024 and May 31, 2023), and the issuance of 89,285 units, each unit consisting of one share and one common share purchase warrant entitling the holder to purchase an additional share at a price of \$2.80 for a period of two years from the date of issuance. The fair value of common shares issued was \$62,430 and the fair value of warrants issued was \$31,288, measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price on issue date of \$0.70, exercise price of \$2.80, expected life of 2 years, risk free rate of 4.12%, volatility of 150%, and dividend yield of 0%.

On February 14, 2023, the Company closed a non-brokered private placement financing by issuing 2,000,000 units at a price of \$0.20 per unit for gross proceeds of \$400,000. Each unit was comprised of one common share and one share purchase warrant, with each warrant exercisable for one common share at the price of \$0.50 for a period of 36 months from the date of issuance. The Company paid \$5,550 in share issuance costs in connection to this financing. The warrants are subject to an acceleration clause in the event the Company's common shares trade on the Exchange at a 10-day volume weighted average price equal to or greater than \$0.75.

c. Stock options

The Company adopted an incentive stock option plan (the "Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares. The Company follows the policies of the Exchange where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options and have a maximum life of 10 years. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options.

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

6. Share capital (continued)

A summary of the Company's stock option transactions is presented below:

	May 31, 2024		May 31, 2023	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of year	165,000	1.04	25,000	5.00
Granted	-	-	165,000	1.04
Expired	(100,000)	(0.55)	-	-
Forfeited/cancelled	(40,000)	(1.80)	(25,000)	5.00
Outstanding, end of the year	25,000	1.80	165,000	1.04

The stock options outstanding and exercisable as at the year ended May 31, 2024 were as follows:

Expiry Date	Exercise Price	Number of options outstanding	Options exercisable
August 19, 2027	\$ 1.80	25,000	25,000
		25,000	25,000

The weighted average life of options outstanding is 3.22 years.

d. Warrants

The number of share purchase warrants outstanding is summarized as follows:

	May 31, 2024		May 31, 2023	
	Number of Warrants	Weighted average exercise price \$	Number of Warrants	Weighted average exercise price \$
Outstanding, beginning of year	4,136,458	1.57	603,944	2.31
Issued	-	-	3,582,514	1.54
Expired	(553,944)	1.80	(50,000)	8.00
Outstanding, end of the year	3,582,514	1.52	4,136,458	1.57

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

6. Share capital (continued)**d. Warrants (continued)**

The share purchase warrants outstanding and exercisable as at May 31, 2024 were:

Expiry Date	Exercise Price -\$-	Number of warrants outstanding
June 17, 2024	2.80	482,084
June 17, 2024	3.00	68,300
June 17, 2024	2.80	5,064
June 17, 2024	3.00	7,584
July 18, 2024	2.80	555,029
July 18, 2024	3.00	265,033
July 18, 2024	2.80	25,714
July 18, 2024	3.00	3,733
August 5, 2024	2.80	80,688
November 3, 2024	2.80	89,286
February 14, 2026	0.50	2,000,000 ⁽¹⁾

⁽¹⁾ The warrants are subject to an acceleration clause in the event the Company's common shares trade on the Exchange at a 10-day volume weighted average price equal to or greater than \$0.75.

The weighted average life of warrants outstanding is 0.34 years.

Subsequent to the year ended May 31, 2024, the following warrants expired unexercised:

Expiry Date	Exercise Price -\$-	Number of warrants outstanding
June 17, 2024	2.80	482,084
June 17, 2024	3.00	68,300
June 17, 2024	2.80	5,064
June 17, 2024	3.00	7,584
July 18, 2024	2.80	555,029
July 18, 2024	3.00	265,033
July 18, 2024	2.80	25,714
July 18, 2024	3.00	3,733
August 5, 2024	2.80	80,688

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

6. Share capital (continued)**e. Reserve**

Reserve consists of options and warrants reserve items recognized as stock-based compensation and share based payments until such time that the options and warrants are exercised, at which time the corresponding amount will be reallocated to share capital.

During the period ended May 31, 2024, there were no transactions recorded to reserves.

During the year ended May 31, 2023, the Company recorded the following transactions to reserves:

- Recorded \$45,804 in connection to finders warrants issued in connection to a private placement;
- \$28,276 in connection to two debt settlements, being the fair value of warrants issued as part of units issued to settle debt;
- Recorded \$31,288 in connection to a debt settlement, being the fair value of warrants issued as part of units issued to settle debt;
- Recorded \$131,762 in connection to stock option issuances during the year as further described in above.

7. Related party transactions

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

Key management compensation during the periods ended May 31, 2024, and 2023 was as follows:

	2024	2023
	\$	\$
Consulting fees	-	207,632
Management fees	120,000	80,000
Directors fees	12,000	6,000
Share-based compensation	-	116,697
Total	132,000	410,329

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

As at May 31, 2024, and 2023, the Company had the following balances due to related parties:

- Due at May 31, 2024 - \$3,520 (May 31, 2023 - \$51,700).

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
For the Year Ended May 31, 2024 and 2023

8. Financial instruments

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk refers that the counterparty will default on its contractual obligation resulting in financial loss to the Company. The Company's primary exposure to credit risk is on its cash deposit that are held by a Canadian bank. While there is concentration of risk holding all funds with one institution, this risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist of sales taxes recoverable.

Management assesses credit risk of cash and receivables as low.

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 operates only in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rate. The income earned on the bank account is subject to the movements in interest rates. The fair value of cash deposits is relatively unaffected by changes in short term interest rates. A 1% change in interest rates will not have a material effect to the Company.

Liquidity and funding risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. 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 manages its liquidity risk by forecasting cashflows from options and anticipating any investing and financing activities. The Company will need to access additional financing through share issuances or loans to ensure that there is sufficient capital in order to meet its financial obligations, taking into account administrative costs, property commitments and exploration budgets. As at May 31, 2024 the Company had cash of \$32,325 (May 31, 2023 - \$108,756), and current liabilities of \$504,721 (May 31, 2023 - \$558,680).

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions in the future. Under current market conditions, both liquidity and funding risk are assessed as high.

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

9. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations. Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of working capital and shareholder's equity.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. There were no changes in the Company's approach to capital management during the years ended May 31, 2024, and 2023. The Company is not subject to any externally imposed capital requirements.

10. Proposed Transaction

The Company entered into an amalgamation agreement dated December 17, 2023 to acquire Emerging Goldfield Resources Ltd. ("Emerging") in the form of an amalgamation agreement. The transaction would constitute a reverse takeover of the Company and upon closing the Company would carry on the business of Emerging. The agreement in principle would result in a reverse takeover of the Company. The proposed transaction proposed the Company's securities and Emerging's securities would be exchanged on a 1:1 basis for an equivalent security of the Resulting Issuer.

Pursuant to a termination agreement dated June 24, 2024, the amalgamation agreement was mutually terminated by the Company and Emerging. All obligations and liabilities under the amalgamation agreement were terminated.

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

MARGARET LAKE DIAMONDS INC.

Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Year Ended May 31, 2024 and 2023

11. Income taxes

The actual income tax provisions differ from the expected amounts as calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	May 31, 2024	May 31, 2023
Net loss before taxes	\$ (1,214,146)	\$ (1,661,733)
Statutory rate	26.5%	26.5%
Expected income tax recovery at statutory rate	\$ (321,000)	\$ (440,000)
Non-deductible items and other	(12,000)	(27,000)
Change in unrecognized deductible temporary differences	333,000	467,000
Deferred tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset (liability) has been recognized:

	2024	2023
	\$	\$
Deferred tax assets (liabilities)		
Loss carry-forwards	1,372,000	1,268,000
Share issuance costs and others	16,000	24,000
Exploration and evaluation assets	1,073,000	842,000
	2,461,000	2,134,000
Unrecognized deferred tax assets	(2,461,000)	(2,134,000)
Net deferred tax assets	-	-

The Company has approximately \$5,177,000 of non-capital losses available, which will expire through to 2044 and may be applied against future taxable income. The Company also has approximately \$4,049,000 of exploration and development costs which are available for deduction against future income for tax purposes. At May 31, 2024, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

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