COLOSSUS RESOURCES CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MAY 31, 2024 AND MAY 31, 2023

(EXPRESSED IN CANADIAN DOLLARS)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Colossus Resources Corp.

Opinion

We have audited the financial statements of Colossus Resources Corp. (the "Company") which comprise:

- the statements of financial position as at May 31, 2024 and 2023;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of cash flows for the years then ended;
- the statements of changes in shareholder's equity for the years then ended; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Other Information

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

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

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

If, based on the work we have performed 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 Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Waseem Javed.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
September 27, 2024

COLOSSUS RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
AS AT MAY 31, 2024 AND MAY 31, 2023
(Expressed in Canadian dollars)

		2024		2023
ASSETS				
CURRENT				
Cash	$	1,390	$	109,853
GST receivable		1,322		19,707
Prepaid and deferred costs		–		17,575
		2,712		147,135
DEPOSIT *(Note 4)*		139,688		–
EXPLORATION AND EVALUATION ASSETS (*Note 4)*		–		595,797
	$	**142,400**	**$**	**742,932**
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities *(Note 6)*	$	102,513	$	100,002
SHAREHOLDERS' EQUITY				
SHARE CAPITAL (*Note 5*)		1,346,978		1,094,978
SHARE-BASED PAYMENT RESERVE (*Note 5*)		417,836		417,836
DEFICIT		(1,724,927)		(869,884)
		39,887		642,930
	$	**142,400**	**$**	**742,932**

NATURE OF BUSINESS AND CONTINUING OPERATIONS (*Note 1*)

Approved on behalf of the Board:

"Charalambos Katevatis"
Director

"Vivian Andrea Katsuris"
Director

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

COLOSSUS RESOURCES CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED MAY 31, 2024 AND 2023
(Expressed in Canadian dollars)

	2024	2023
EXPENSES		
Advertising and promotion	$ 587	$ 1,690
Consulting *(Note 6)*	15,000	25,000
Filing and transfer agent fees	28,738	38,744
Insurance	–	11,190
Investor communication	19,944	–
Management fees (*Note 6)*	34,500	30,000
Office and miscellaneous	7,079	8,824
Professional fees *(Note 6)*	82,541	85,529
Project investigation costs	45,000	–
Rent	15,238	4,000
Share-based compensation *(Note 5)*	–	222,046
Impairment of exploration and evaluation assets *(Note 4)*	606,416	111,000
NET LOSS AND COMPREHENSIVE LOSS	**$ (855,043)**	**$ (538,023)**
LOSS PER SHARE – BASIC AND DILUTED	**$ (0.06)**	**$ (0.04)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	**13,772,963**	**13,011,812**

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

COLOSSUS RESOURCES CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2024 AND 2023
(Expressed in Canadian dollars)

	2024	2023
OPERATING ACTIVITIES		
Net loss for the year	$ (855,043)	$ (538,023)
Item not involving cash:		
Impairment of exploration and evaluation assets	606,416	111,000
Share-based compensation	–	222,046
	(248,627)	(204,977)
Changes in non-cash working capital balances:		
GST receivable	18,385	(2,874)
Prepaid and deferred costs	17,575	56,998
Accounts payable and accrued liabilities	2,511	60,791
	(210,156)	(90,062)
INVESTING ACTIVITY		
Deposit	(139,688)	–
Exploration and evaluation assets	(10,619)	(464,559)
	(150,307)	(464,559)
FINANCING ACTIVITIES		
Loan received	60,000	–
Loan repaid	(60,000)	–
Shares issued for cash, net of issuance costs	252,000	613,267
	252,000	613,267
CHANGE IN CASH	(108,463)	58,646
CASH, BEGINNING OF YEAR	109,853	51,207
CASH, END OF YEAR	$ 1,390	$ 109,853
SUPPLEMENTAL DISLCOSURE		
Interest paid	$ 1,510	$ -

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

COLOSSUS RESOURCES CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED MAY 31, 2024 AND 2023
(Expressed in Canadian dollars)

	Share capital				
	Number of shares	**Amount**	**Contributed surplus**	**Deficit**	**Total shareholders' equity**
Balance, May 31, 2022	10,375,100	$ 520,001	$ 157,500	$ (331,861)	$ 345,640
Shares issued for cash	3,208,000	802,000	–	–	802,000
Share based payments	–	–	222,046	–	222,046
Share issuance cost	–	(227,023)	38,290	–	(188,733)
Comprehensive loss for the year	–	–	–	(538,023)	(538,023)
Balance, May 31, 2023	13,583,100	1,094,978	417,836	(869,884)	642,930
Shares issued for cash	1,575,000	252,000	–	–	252,000
Comprehensive loss for the year	–	–	–	(855,043)	(855,043)
Balance, May 31, 2024	15,158,100	$ 1,346,978	$ 417,836	$ (1,724,927)	$ 39,887

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Colossus Resources Corp. was incorporated on September 9, 2020 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is Suite 318 – 1199 West Pender Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at May 31, 2024, the Company has not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The Company had a deficit of $1,724,927 as at May 31, 2024, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying value is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. There is a material uncertainty related to these conditions that cast significant doubt on the Company's ability to continue as a going concern.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. BASIS OF PREPARATION

Statement of Compliance

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

Approval of the Financial Statements

The financial statements of the Company for the years ended May 31, 2024 and 2023 were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on September 27, 2024.

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as explained in the accounting policies set out in Note 3.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash equivalents include short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of May 31, 2024 and 2023, the Company held no cash equivalents.

b) Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

i. Inputs used in accounting for share-based payments: The fair value pricing of stock options issued are subject to the limitations of the Black-Scholes Option-Pricing Model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes Option-Pricing Model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Significant accounting judgments

ii. Carrying value of exploration and evaluation assets: The recoverability of the exploration and evaluation assets' carrying values is dependent upon the determination of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits to complete development and future profitable production or proceeds from the disposition thereof. At each reporting date, the Company reviews the carrying amounts of its exploration and evaluation assets to determine whether there are any indicators of impairment. The Company identified indicators of impairment on one mineral property and recorded impairment of $606,416 as at May 31, 2024.

iii. Measurement of deferred tax assets and liabilities: Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it's probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized.

iv. Evaluation of the Company's ability to continue as a going concern: Management is required to make judgements in its assessment of whether the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due as discussed in Note 1.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Income Taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

d) Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect of potentially dilutive instruments, such as options and warrants, is anti-dilutive. Basic and diluted loss per share excludes all of the Company's common shares from the weighted average shares calculation that are contingently returnable.

e) Share Issuance Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs, including deferred financing costs, are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Share-based Payments

The Company grants stock options to acquire common shares to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options granted to employees and others providing similar services is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized in share-based payment reserve over the vesting period. Consideration paid for the shares along with the fair value recorded in share-based payment reserve on the exercise of stock options is credited to share capital. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and the fair value of some or all of the goods or services received by the entity cannot be estimated reliably, they are measured at the fair value of the share-based payment. Otherwise, share-based payment transactions are measured at the fair value of goods or services received.

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period

g) Financial Instruments

Financial assets

When the Company becomes party to a contract, financial assets are classified as measured at:

i. Amortized cost;

ii. Fair value through other comprehensive income (“FVOCI”); and

iii. Fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company’s deposit is classified at amortized cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any financial assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of loss and comprehensive loss in the period in which it arises.

The Company's cash is classified at FVTPL.

Impairment of financial assets

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

Financial Liabilities and Equity

When the Company becomes party to a contract, debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and are measured at their fair value. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; (iii) FVOCI; or (iii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL or FVOCI.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable at amortized cost.

Derecognition of financial assets and liabilities

Financial assets are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

h) Exploration and Evaluation Assets

Pre-exploration costs or property investigation costs are expensed in the period in which they are incurred. Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are tested for impairment before the assets are transferred to mines under construction.

Exploration and evaluation expenditures are classified as intangible assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Decommissioning, Restoration and Similar Liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the property is located.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

j) Flow-through Shares

Resource expenditure deductions for income tax purposes may be renounced to investors in accordance with income tax legislation for flow-through share arrangements. On issuance of flow-through common shares, the Company bifurcates the flow-through share proceeds into: (i) share capital, for the fair value of common shares without a flow-through feature (based on quoted trading prices), and (ii) a flow-through share premium liability, for the amount investors pay for the flow-through feature (in excess of the quoted trading price of the common shares). As resource expenditures are incurred, the Company derecognizes the liability and recognizes other income.

Proceeds from the issuance of flow-through shares are restricted, to be used only for Canadian resource expenditures, and must be incurred within a two-year period.

k) Share Capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Commissions paid to agents and other related share issue costs are charged directly to share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Adoption of New Accounting Standards, Interpretations and Amendments

New standards, interpretations, amendments and improvements to existing standards with future effective dates have been reviewed by management and are either not applicable or not expected to have a significant impact on the Company's financial statements.

4. EXPLORATION AND EVALUATION ASSETS

	Master Copper Project	Little Joe Fault Cu Project	Red Lake Pringle South Property	Total
Balance at May 31, 2022	$ 171,238	$ 38,000	$ 33,000	$ 242,238
Acquisition costs	20,000	–	–	20,000
Labour	32,921	–	–	32,921
Surveying	311,491	–	–	311,491
Drilling	60,147	–	–	60,147
Termination payment	–	–	40,000	40,000
Impairment	–	(38,000)	(73,000)	(111,000)
Balance at May 31, 2023	595,797	–	–	595,797
Exploration	10,619	–	–	10,619
Impairment	(606,416)	–	–	(606,416)
Balance at May 31, 2024	$ –	$ –	$ –	$ –

4. EXPLORATION AND EVALUATION ASSETS (continued)

Master Copper Project

On December 14, 2020, and as amended on March 26, 2021 and November 3, 2021, the Company entered into a Mineral Property Option Agreement (the “Agreement”) with Perry English and Gravel Ridge Resources Ltd. (collectively the "Optionor"). Pursuant to the Agreement, the Company has an option to acquire 100% interest in the mineral claims known as Master Copper Project located in the Sault Ste. Marie Mining Division of Ontario (the "Claims") from the Optionor.

The Claims are subject to a 1.5% net smelter returns royalty (the “NSR Royalty”).

Under the Agreement, the Company is required to make cash payments totaling $78,200 as follows:

a. make a cash payment of $12,200 upon execution and delivery of this agreement – paid**;**
b. make a further cash payment of $16,000 on or before December 14, 2021 – paid;
c. make a further cash payment of $20,000 on or before December 14, 2022 – paid; and
d. make a final cash payment of $30,000 on or before December 14, 2023.

Following the exercise of the option, the Company will have the right to purchase the 1.50% NSR Royalty for $1,500,000.

On November 3, 2021, the Agreement was amended with Solstice Gold Corp. being the successor in interest to Perry English and Gravel Ridge Resources Ltd., as the new Optionor. The remaining cash payments owing under the Agreement remained the same.

On March 17, 2021, the Company entered into a Mineral Property Option Agreement (the “Agreement”) with Yvon Gagne and Michael Gagne (collectively the "Optionor") to acquire additional claims adjacent to the Master Copper Project located in the Sault Ste. Marie Mining Division of Ontario (the "Claims") from the Optionor.

The Claims are subject to a 1.0% net smelter returns royalty (the “NSR Royalty”) to be paid by the Company upon commercial production of mineral products.

Under the Agreement, the Company made cash payments totaling $15,000 to acquire the additional claims.

The Company has the right to purchase 90% of the NSR Royalty (reducing the NSR to 0.1%) for $250,000.

Subsequent to the year ended May 31, 2024, the Company issued a termination letter to the Optionor to terminate the Agreement, as it no longer intended to continue exploration and evaluation work on the Master Copper Project. Consequently, the Company recorded an impairment of $606,416 as of May 31, 2024.

Calvario and Mirador Project

Pursuant to a letter of intent on April 4, 2023, the Company entered into an option agreement (the "Agreement") with Minera Mena Chile Ltda, Revelo Resources Corp., and Austral Gold Limited (collectively, the “Austral Group”) on November 15, 2023, granting the Company the right to earn a 100% interest (the “Option”) in the Calvario and Mirador project (the "Project"), excluding royalty options. To exercise this Option, the Company must complete financing of at least USD $1,500,000 within ninety days of the Agreement and incur USD $2,500,000 in exploration expenditures during the option period.

4. EXPLORATION AND EVALUATION ASSETS (continued)

The Option will begin on the closing date of the financing (the "Effective Date") and will end upon the earliest of the following: (a) two years after the Effective Date, unless extended due to a force majeure event, (b) when the Option is exercised or (c) if the Agreement is terminated according to its terms. In addition, the Company will issue common shares equal to 19.99% of its post-financing capital and 1,000,000 share purchase warrants to Minera Mena Chile Ltda, with restrictions on share sales and warrant exercises to maintain the Austral Group's interest below 19.99%. If the Company completes a pre-feasibility study compliant with National Instrument 43-101, it will issue an additional 2,000,000 common shares to Minera Mena, subject to similar shareholder approval requirements to avoid exceeding the 19.99% ownership threshold.

Subsequent to the year ended May 31, 2024, the Company entered into an amendment agreement (the "Amended Agreement") with the Austral Group. Under the Amended Agreement, the deadline for completing the required financing of at least USD $1,500,000 has been extended to fourteen months from the date of the Agreement.

As of May 31, 2024, the Company has paid a total deposit of $139,688, in relation to the Agreement.

Little Joe Fault Cu Project

On March 26, 2021, the Company entered into a Mineral Property Option Agreement (the "Agreement") with Perry English, 1544230 Ontario Inc and Gravel Ridge Resources Ltd. (collectively the "Optionor"). Pursuant to the Agreement, the Company has an option to acquire 100% interest in the mineral claims known as Little Joe Fault Cu Project located in the Thunder Bay Mining Division of Ontario (the "Claims") from the Optionor.

The Claims are subject to a 1.5% net smelter returns royalty (the "NSR Royalty").

Under the Agreement, the Company is required to make cash payments totaling $106,000 as follows:

a. make a cash payment of $18,000 upon execution and delivery of the agreement – paid**;**
b. make a further cash payment of $20,000 on or before March 26, 2022 – paid;
c. make a further cash payment of $28,000 on or before March 26, 2023; and
d. make a final cash payment of $40,000 on or before March 26, 2024.

Following the exercise of the option, the Company will have the right to purchase the 1.5% NSR Royalty for $1,500,000.

During the year ended May 31, 2023, the Company terminated the Agreement and wrote-off the carrying value of the property resulting in a loss of $38,000.

Red Lake Pringle South Property

On February 10, 2021, and as amended on March 26, 2021, the Company entered into a Mineral Property Option Agreement (the "Agreement") with Perry English, 1544230 Ontario Inc and Gravel Ridge Resources Ltd. (collectively the "Optionor"). Pursuant to the Agreement, the Company has an option to acquire 100% interest in the mineral claims known as Red Lake Pringle South Property located in the Red Lake Mining Division of Ontario (the "Claims") from the Optionor.

The Claims are subject to a 1.5% net smelter returns royalty (the "NSR Royalty").

4. EXPLORATION AND EVALUATION ASSETS (continued)

Under the Agreement, the Company is required to make cash payments totaling $87,000 as follows:

a. make a cash payment of $15,000 upon execution and delivery of the agreement – paid**;**
b. make a further cash payment of $18,000 on or before February 10, 2022 – paid;
c. make a further cash payment of $24,000 on or before February 10, 2023; and
d. make a final cash payment of $30,000 on or before February 10, 2024.

Following the exercise of the option, the Company will have the right to purchase the 1.5% NSR Royalty for $1,500,000, in increments of 0.5% for $500,000.

During the year ended May 31, 2023, the Company terminated the Agreement and wrote-off the carrying value of the property resulting in loss of $73,000.

5. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without par value.

b) Escrow shares:

As at May 31, 2024, there were 1,980,045 common shares held in escrow.

c) Issued and outstanding as at May 31, 2024: 15,158,100 common shares.

During the year ended May 31, 2023, the Company had the following transactions:

On August 4, 2022, the Company issued 3,208,000 units pursuant to a prospectus offering for gross proceeds of $802,000. Each unit consists of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable at a price of $0.40 until August 4, 2024. Share issuance costs related to the offering amounted to $188,733 in cash and 256,640 agent warrants which had a fair value of $38,290 and are exercisable at a price of $0.25 per share for a period of 2 years from the date of issuance.

During the year ended May 31, 2024, the Company had the following transactions:

On April 17, 2024, the Company issued 1,575,000 units pursuant to a private placement at $0.16 per unit for cash proceeds of $252,000. Each unit consists of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable at a price of $0.30 until April 17, 2026. The fair value of the warrants was determined to be $Nil.

d) Stock options

During the year ended May 31, 2023, the Company adopted a Stock Option Plan (the “Plan”). Under the Plan, the Company can issue up to 10% of the issued and outstanding common shares as incentive stock options to directors, officers, employees and consultants to the Company. The Plan limits the number of stock options which may be granted to any one individual to not more than 5% of the total issued common shares of the Company in any 12-month period. The Plan also limits the stock options which may be granted to any one individual if the exercise would result in the issuance of common shares more than 2% in any 12-month period. The number of options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued common shares of the Company. As well, stock options granted under the Plan may be subject to vesting provisions as determined by the Board of Directors.

5. SHARE CAPITAL (continued)

On August 31, 2022, the Company granted 1,200,000 stock options to certain directors and officers of the Company at an exercise price of $0.25 for a period of five years from the date of grant. The fair value of these options was calculated to be $222,046. The remaining expected life as at May 31, 2024 is 3.18 years.

A continuity of the options outstanding as at May 31, 2024 is as follows:

	Number	**Weighted average exercise price $**
Balance, May 31, 2022	–	–
Issued	1,200,000	0.25
Balance, May 31, 2023 and 2024	1,200,000	0.25

The inputs used in the Black-Scholes calculation for the 2023 stock options are as follows:

	2023
Share price	$0.25
Risk-free dividend rate	2.70%
Expected life of options	5 years
Dividend rate	0.00%
Annualized volatility	97%

e) Warrants

A Summary of the Company's share purchase warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2022	–	–
Granted	1,604,000	$0.40
Granted	256,640	$0.25
Balance, May 31, 2023	1,860,640	$0.38
Granted	787,500	$0.40
Balance May 31, 2024	2,648,140	$0.39

On August 4, 2022, the Company issued 1,604,000 warrants pursuant to a prospectus offering. Each warrant is exercisable at $0.40 per share and for a period of two years from the date of issue.

On August 4, 2022, the Company issued 256,640 agent warrants related to the initial public offering ("IPO"). The agent warrants are exercisable at $0.25 per share and for a period of two years from the date of issue.

5. SHARE CAPITAL (continued)

The following assumptions were used for the Black-Scholes valuation of warrants issued:

	2023
Share price	$0.25
Risk – free interest rate	3.14%
Expected life of warrants	2 years
Dividend rate	0%
Annualized volatility	115%

The fair value per agent's warrant issued is $0.15.

On April 17, 2024 the Company issued 787,500 warrants pursuant to a private placement. Each warrant is exercisable at $0.30 per share for a period of two years.

At May 31, 2024, the following share purchase warrants were outstanding:

Number of share purchase warrants	**Exercise Price per share**	**Expiry date**
1,604,000	$0.40	August 4, 2024
256,640	$0.25	August 4, 2024
787,500	$0.30	April 17, 2026
2,648,140		

6. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management includes directors and key officers of the Company, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

The Company has incurred the following key management personnel costs from related parties:

	2024	**2023**
	$	$
Management fees	34,500	30,000
Consulting fees (to directors)	15,000	25,000
Professional fees	–	2,553

As at May 31, 2024, accounts payable included $27,465 (2023 - $2,625) due to key management personnel and companies controlled the key management personnel of the Company. The amount is unsecured, non-interest bearing and payable on demand.

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the identification, evaluation and acquisition of a Qualified Transaction. The Company does not have any externally imposed capital requirements to which it is subject.

The Company's capital structure consists of accounts in shareholders' equity. As at May 31, 2024, the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at May 31, 2024.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high quality financial institution.

Interest Rate Risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short- term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

9. INCOME TAXES

The following table reconciles net loss before tax at the combined statutory Canadian federal and provincial income tax rates to the tax expense (recovery) recognized in the financial statements:

	2024	**2023**
Net loss before tax	$ (855,043)	$ (538,023)
Statutory income tax rate	27%	27%
Tax recovery at statutory rate	(230,862)	(145,266)
Non-deductible items and other	18,446	(4,671)
Change in deferred tax assets not recognized	212,416	149,937
Tax expense (recovery)	$ –	$ –

Significant components of the Company's unrecognized deferred income tax assets are shown below:

	2024	**2023**
Non-capital loss carry forwards	$ 255,339	$ 178,017
Share issuance costs	30,576	40,766
Exploration and evaluation assets	123,438	(21,846)
Deferred tax assets not recognized	(409,353)	(196,937)
	$ –	$ –

As at May 31, 2024, the Company had approximately $945,000 in non-capital loss carry forward available to reduce taxable income for future years. The non-capital losses begin to expire in 2042.

10. LOAN PAYABLE

During the year ended May 31, 2024, the Company received an unsecured loan of $60,000 from an arm's length party, with a one-year term and bearing interest at a rate of 5% per annum. The Company repaid the loan during the year, with a total payment of $61,510, which included both the principal and interest.

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment being the acquisition, exploration and evaluation of exploration and evaluation assets in Canada.