

VATIC VENTURES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED

FEBRUARY 28, 2025 AND FEBRUARY 29, 2024

EXPRESSED IN CANADIAN DOLLARS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Vatic Ventures Corp.

Opinion

We have audited the accompanying consolidated financial statements of Vatic Ventures Corp. (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2025 and February 29, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2025 and February 29, 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had a deficit of \$15,076,655 and a working capital deficiency of \$1,420,691. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 7 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$304,895 as of February 28, 2025. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuance.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Accounting for the Acquisition of 1432714 B.C. Ltd.

As described in Note 6 to the consolidated financial statements, during the year ended February 28, 2025, the Company acquired 100% of 1432714 B.C. Ltd. (the "Transaction") for consideration totalling \$240,000. As more fully described in Note 3, judgement is required by the Company to assess whether the Transaction constituted a business combination or an asset acquisition, and in estimating the fair values of the identifiable net assets as at the acquisition date.

We identified the accounting for the Transaction as a key audit matter in respect of whether the set of assets acquired, and liabilities assumed constituted a business, the evaluation of consideration paid, and evaluating the fair value of net identifiable assets acquired. This matter represented an area of significant risk of material misstatement given the high degree of estimation uncertainty. A high degree of auditor judgment, subjectivity, and effort were required in performing procedures to evaluate management's significant judgements in assessing the accounting for the Transaction, the evaluation of consideration paid, and evaluating the fair value of the net identifiable assets acquired.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of whether the Transaction constituted an asset acquisition or business combination.
- Examining and evaluating the contractual terms identified in underlying agreements in connection with the Transaction for consistency with the amounts recorded in the consolidated financial statements.
- Assessing the adequacy of the disclosures in the consolidated financial statements.
- Performing audit procedures to ensure the fair value of net identifiable assets acquired.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

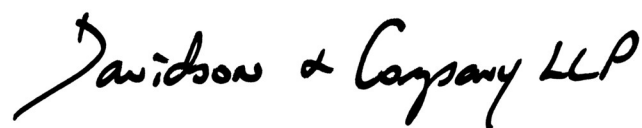
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

June 26, 2025

VATIC VENTURES CORP.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at:	February 28, 2025	February 29, 2024
ASSETS		
Current		
Cash	\$ 4	\$ 1,819
Amounts receivable (Note 4)	11,906	4,591
Prepaid expenses (Note 5)	13,500	15,000
	25,410	21,410
Non-current		
Deferred acquisition costs (Note 7)	-	32,000
Exploration and evaluation assets (Note 7)	304,895	2,211,048
Total assets	\$ 330,305	\$ 2,264,458
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 687,128	\$ 572,517
Due to related parties (Note 14)	6,363	9,978
Loans payable (Note 9)	155,368	160,134
Provision for indemnity (Note 11)	597,242	531,000
	1,446,101	1,273,629
Non-current		
Loan payable (Note 9)	60,288	60,074
	60,288	60,074
Total liabilities	1,506,389	1,333,703
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 10)	13,753,480	13,096,994
Subscriptions received in advance (Note 10)	15,000	23,000
Share-based payment reserve (Note 10)	110,467	284,918
Warrant reserve (Note 10)	21,624	95,407
Deficit	(15,076,655)	(12,569,564)
Total shareholders' equity (deficiency)	(1,176,084)	930,755
Total liabilities and shareholders' equity (deficiency)	\$ 330,305	\$ 2,264,458

Nature of operations and going concern (Note 1)**Contingencies (Note 7)****Subsequent events (Note 17)**

Approved by the Board of Directors

"Loren Currie"

Director

"Thomas Wilson"

Director

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

VATIC VENTURES CORP.Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Years ended	
	February 28, 2025	February 29, 2024
Expenses		
Business development	\$ 10,943	\$ 174,404
Consulting fees (Note 14)	202,600	320,235
Investor relations	15,000	-
Office and miscellaneous	4,164	8,872
Professional fees	86,666	122,447
Project investigation (Note 7)	44,649	2,400
Share-based payments (Note 10)	-	139,111
Transfer agent and filing fees	24,070	53,351
Travel, meals and entertainment	38,686	48,579
Total expenses	(426,778)	(869,399)
Gain on extinguishment of debt (Note 8)	128,500	11,424
Gain on debt settlement on issuance of shares	3,608	-
Indemnity and Part XII.6 tax on flow-through shares (Note 11)	(63,088)	(531,000)
Interest expense (Note 9)	(10,375)	(345)
Write off of exploration and evaluation assets (Note 7)	(2,243,048)	-
Amortization of flow-through premium liability (Note 11)	-	117,000
	(2,184,403)	(402,921)
Loss and comprehensive loss for the year	(2,611,181)	(1,272,320)
Weighted average number of common shares outstanding (basic and diluted)	39,134,168	30,012,524
Basic and diluted loss per share	\$ (0.07)	\$ (0.04)

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

VATIC VENTURES CORP.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

	Number of shares issued	Share capital	Warrant reserve	Share-based payment reserve	Subscriptions received	Deficit	Total
Balance, February 28, 2023	29,711,510	\$ 12,996,404	\$ 95,407	\$ 472,818	\$ -	\$ (11,608,991)	\$ 1,955,638
Loss for the year	-	-	-	-	-	(1,272,320)	(1,272,320)
Property acquisition	500,000	65,000	-	-	-	-	65,000
Options exercised	254,075	35,590	-	(15,264)	-	-	20,326
Fair value reversal of options cancelled	-	-	-	(311,747)	-	311,747	-
Share-based payment	-	-	-	139,111	-	-	139,111
Share subscriptions received	-	-	-	-	23,000	-	23,000
Balance, February 29, 2024	30,465,585	\$ 13,096,994	\$ 95,407	\$ 284,918	\$ 23,000	\$ (12,569,564)	\$ 930,755

	Number of shares issued	Share capital	Warrant reserve	Share-based payment reserve	Subscriptions received (receivable)	Deficit	Total
Balance, February 29, 2024	30,465,585	\$ 13,096,994	\$ 95,407	\$ 284,918	\$ 23,000	\$ (12,569,564)	\$ 930,755
Loss for the year	-	-	-	-	-	(2,611,181)	(2,611,181)
Private placements	3,474,100	156,335	17,370	-	(8,000)	-	165,705
Property acquisition	6,000,000	240,000	-	-	-	-	240,000
Shares issued for debt settlement	240,557	13,231	-	-	-	-	13,231
Options exercised	1,171,152	164,053	-	(70,361)	-	-	93,692
Fair value reversal of options cancelled	-	-	-	(104,090)	-	104,090	-
Fair value of agent's warrants granted	-	(4,254)	4,254	-	-	-	-
Finders' fees	-	(8,286)	-	-	-	-	(8,286)
Fair value reversal of warrants expired	-	95,407	(95,407)	-	-	-	-
Balance, February 28, 2025	41,351,394	\$ 13,753,480	\$ 21,624	\$ 110,467	\$ 15,000	\$ (15,076,655)	\$ (1,176,084)

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

VATIC VENTURES CORP.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Years ended	
	February 28, 2025	February 29, 2024
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss and comprehensive loss for the year	\$ (2,611,181)	\$ (1,272,320)
Adjustments for:		
Gain on extinguishment of debt	(128,500)	(11,424)
Gain on debt settlement on issuance of shares	(3,608)	-
Share-based payments	-	139,111
Interest expense	10,375	74
Indemnity and Part XII.6 tax on flow-through shares	63,088	531,000
Amortization of flow-through premium liability	-	(117,000)
Write off of exploration and evaluation assests	2,243,048	-
Changes in non-cash working capital items:		
Decrease (increase) in amounts receivable	(7,315)	7,056
Decrease in prepaid expenses	1,500	164,710
Increase (decrease) in due to related parties	(3,615)	9,978
Increase in accounts payable and accrued liabilities	259,950	336,876
Net cash used in operating activities	(176,258)	(211,939)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation assets	(7,383)	(5,873)
Deferred acquisition costs	-	(22,000)
Net cash used in investing activities	(7,383)	(27,873)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	140,705	-
Share issuance costs	(8,286)	-
Proceeds from exercise of options	-	20,326
Interest payment on CEBA Loan	(2,753)	-
Proceeds from loan	128,568	218,184
Repayment of loan	(76,408)	(58,050)
Subscriptions received	-	23,000
Net cash provided by financing activities	181,826	203,460
Decrease in cash	(1,815)	(36,352)
Cash, beginning of the year	1,819	38,171
Cash, end of the year	\$ 4	\$ 1,819

Supplemental disclosure with respect to cash flows (Note 15)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Vatic Ventures Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on October 30, 2007. The Company’s shares are listed for trading under the trading symbol “VCV” on the TSX Venture Exchange (the “Exchange”). The Company is a junior resource exploration company that is involved in the acquisition and exploration of mineral properties.

The head office and principal address of the Company is located at 1400 – 1040 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4H1. The registered address and records office of the Company is located at 2110 – 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8.

As at February 28, 2025, the Company had a deficit of \$15,076,655 (February 29, 2024 - \$12,569,564) and a working capital deficiency of \$1,420,691 (February 29, 2024 - \$1,252,219). The Company expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company were primarily funded by the issuance of share capital. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. However, the Company’s future capital requirements will depend on many factors, including operating costs, the current capital market environment and global market conditions.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

There are many external factors that can adversely affect general workforces, economies, and financial markets globally. Examples include, but are not limited to the political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

2. BASIS OF RESENTATION

Statement of compliance

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

Approval of the financial statements

The consolidated financial statements of the Company for the year ended February 28, 2025 were reviewed by the Audit Committee and approved and authorized for issue on June 26, 2025 by the Board of Directors of the Company.

2. BASIS OF RESENTATION (*cont'd...*)

Basis of preparation

The consolidated financial statements have been prepared on an accrual basis except for cash flow information and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. All inter-company transactions and balances between the Company and its subsidiaries have been eliminated upon consolidation.

The subsidiaries are consolidated from the date on which control is transferred to the Company and will cease to be consolidated from the date on which control is transferred out of the Company. The Company also assesses existence of control where it does not have more than 50% of voting power but are able to control the investee by virtue of de facto control. De facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders gives the group the power to govern the financial and operating policies.

Details of the Company's subsidiaries are as follows:

	Date of Incorporation	Country of incorporation	Percentage owned February 28, 2025
VV Mining Exploration Services Mexico S. DE. R. I.	June 20, 2012	Mexico	100%
VV Mining Mexico S. DE R. I. C. V.	June 20, 2012	Mexico	100%
1432714 B.C. Ltd.	August 10, 2023	Canada	100%

All inter-company transactions and balances have been eliminated upon consolidation.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses.

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

Significant Accounting Estimates and Assumptions

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows. Significant estimates made by management include the following:

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd...)*

1) Share-Based Payments

Equity-settled share-based awards are recognized as an expense based on their fair value at date of grant. The fair value of equity-settled share options and warrants are estimated through the use of a valuation model – Black-Scholes, which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life, and is expensed over the vesting period. Using different input estimates or models produces different option values, which would result in the recognition of a higher or lower expense.

2) Economic recoverability of exploration and evaluation assets

Management has determined that exploration and evaluation costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

3) Income taxes

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, or deferred income tax assets and liabilities.

4) Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

5) Asset acquisition versus business combination

Management applied judgment with respect to whether the acquisition completed (Note 6) was considered an asset acquisition or business combination. The assessment required management to assess the inputs, processes and outputs of the Company acquired at the time of acquisition. Pursuant to the assessment, the transactions were considered to be an asset acquisition (Note 6).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and term deposits that are readily convertible to known amounts of cash and/or with original maturities of three months or less. As at February 28, 2025 and February 29, 2024, the Company does not have any cash equivalents.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd...)*

Foreign currency translation

The functional currency of the Company and its subsidiaries is determined using the currency of the primary economic environment in which it operates. The financial statements are presented in Canadian dollars which is the Company's and its subsidiaries' functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Financial instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Classification and measurement of financial assets and liabilities

A financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets consist primarily of cash, and amounts receivable, which are classified and measured at amortized cost.

Transaction costs related to financial instruments other than FVTPL are capitalized as part of the cost of the financial instrument.

The Company does not use any hedging instruments.

Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets measured at amortized cost and subject to the ECL model include amounts receivable.

Financial liabilities

Financial liabilities are classified as amortized cost or FVTPL, based on the purpose for which the liability was incurred. The Company's liabilities comprise accounts payable and accrued liabilities, due to related parties, and loan payable, all of which are classified as amortized cost. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable and accrued liabilities represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd...)*

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flowthrough share into (i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and (ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a flow-through premium for the amount of tax reduction renounced to the shareholders.

The Company may also be subjected to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(Loss) earnings per share

Basic (loss) earnings per share is computed by dividing the net loss or income applicable to common shareholders of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings (loss) per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd...)*

Share-based payments

The Company's stock option plan allows its employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that have vested.

If and when the share options are exercised, the applicable amounts of share-based payment reserves are transferred to share capital. If the share options are cancelled or expire unexercised, the related amount is transferred to deficit.

Valuation of equity units issued in private placements

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to the common shares based on the market trading price of common shares at the time the units are issued, with any excess value allocated to the warrants.

The fair value of common shares issued in the private placements are determined to be the more easily measurable component and are valued at their fair value.

The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount is transferred to share capital.

Where warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to equity reserves and as a share issue cost.

Exploration and evaluation expenditures

Costs incurred prior to the Company obtaining legal title are expensed in the period in which they are incurred.

Costs incurred to acquire the legal right to explore a property are capitalized. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized on a property by property basis. These direct expenditures include such costs as surveying costs, drilling costs, labour and contractor costs, materials used and licensing and permit fees.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined the property is considered to be under development and is classified as development properties. The carrying value of exploration and evaluation assets is transferred to development properties after being tested for impairment.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (*cont'd...*)

Exploration and evaluation expenditures (*cont'd...*)

Once commercial production has commenced all capitalized costs related to the property are transferred to producing properties and the costs of acquisition, exploration and development will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition, deferred exploration and development costs will be written off to operations.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Management reviews capitalized costs on its mineral properties at each reporting period and will recognize impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the sale of the property.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded on a cash basis.

The Company's entitlement to mineral exploration tax credits are accounted for when collection is reasonably assured.

Impairment of long-lived assets

The carrying amount of the Company's long-lived assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the long-lived asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of a long-lived asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of an asset is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (*cont'd...*)

Restoration, rehabilitation, and environmental obligations

Restoration, rehabilitation and environmental obligations are recognized for the expected obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A restoration, rehabilitation or environmental obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with a corresponding cost recognized by increasing the carrying amount of the related long-lived asset. The restoration, rehabilitation or environmental cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value. As at February 28, 2025 and February 29, 2024, the Company has no known restoration, rehabilitation or environmental obligations.

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets result from unused loss carry-forwards, resource related pools and other deductions. 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.

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income 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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred acquisition costs

Costs on mineral properties directly related to acquisition costs are capitalized and classified as deferred acquisition costs prior to the Company obtaining legal title. Once the legal right to explore a property has been acquired, costs on mineral properties that are previously classified as deferred acquisition costs are recognized and reclassified as exploration and evaluation assets.

New Accounting Pronouncements

The Company adopted the following new IFRS standard effective for annual periods beginning on or after January 1, 2024. The nature and impact of the standard on the Company's consolidated annual audited financial statements is indicated below.

Issued but not yet effective, in April 2024, the IASB issued a new IFRS accounting standard to improve the reporting of financial performance. IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements. The standard will become effective January 1, 2027, with early adoption permitted. The Company is in the process of assessing the impact of this new standard on the Company's financial statements.

4. AMOUNTS RECEIVABLE

	February 28, 2025	February 29, 2024
GST receivable	\$ 11,906	\$ 4,591
	\$ 11,906	\$ 4,591

5. PREPAID EXPENSES

	February 28, 2025	February 29, 2024
Prepaid expenses	\$ 13,500	\$ 15,000
	\$ 13,500	\$ 15,000

Prepaid expenses as at February 28, 2025 and February 29, 2024 relate to prepayments for consulting, business development and travel expenses.

6. ASSET ACQUISITION

On May 14, 2024, the Company received Exchange approval to enter into a share purchase agreement with arm's length vendors (the "Optionors") to acquire a 100% interest in 1432714 B.C. Ltd., a private company ("Privco") which holds an option to acquire a property ("Solonópole South") from an underlying optionor. This transaction is accounted for as a business combination – the Company obtained the control of Privco in accordance with IFRS 3, Business Combinations. Under IFRS 3, the Company used the acquisition method to account for the business combination, which involves measuring the consideration transferred, acquired assets, and liabilities at their fair values. The financial statements of the Company and Privco were consolidated in accordance with IFRS 10, Consolidated Financial Statements.

The Company issued the 6,000,000 shares for the acquisition of 1432714 B.C. Ltd. The 6,000,000 shares for the acquisition of 1432714 B.C. Ltd. included 4,500,000 escrow shares. The 4,500,000 escrow shares are subject to value escrow agreements which will result in the shares being released from escrow on the basis of 10% on TSXV approval and 15% every six months thereafter.

Common shares (6,000,000 shares)	\$ 240,000
	<u>\$ 240,000</u>
Cash	\$ 1
Exploration and evaluation assets	297,512
Loan payable	<u>(57,513)</u>
Net Assets	<u>\$ 240,000</u>

7. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets

	Northern Quebec Hansen Gold Property	New Brunswick Mountain	Brazil Solonópole South	Total
Balance, February 28, 2023	\$ 2,140,175	\$ -	\$ -	\$ 2,140,175
Acquisition costs - cash	1,500	-	-	1,500
Acquisition costs - shares	65,000	-	-	65,000
Expenditures				
Geological and geophysical	4,373	-	-	4,373
Balance, February 29, 2024	\$ 2,211,048	\$ -	\$ -	\$ 2,211,048
Acquisition costs - cash	-	-	7,383	7,383
Acquisition costs (Note 6)	-	-	297,512	297,512
Allocation of Deferred Acquisition Costs	-	32,000	-	32,000
Write off of exploration and evaluation asset	(2,211,048)	(32,000)	-	(2,243,048)
Balance, February 28, 2025	\$ -	\$ -	\$ 304,895	\$ 304,895

Deferred acquisition costs

	New Brunswick Sister's Mountain Property	Total
Balance, February 28, 2023	\$ 10,000	\$ 10,000
Deferred acquisition costs - cash	20,000	20,000
Deferred acquisition costs - shares	2,000	2,000
Balance, February 29, 2024	\$ 32,000	\$ 32,000
Deferred acquisition costs - cash (Reclassification as acquisition costs - cash)	(30,000)	(30,000)
Deferred acquisition costs - shares (Reclassification as acquisition costs - shares)	(2,000)	(2,000)
Balance, February 28, 2025	\$ -	\$ -

Hansen Gold Property in Northern Quebec

On September 21, 2021, the Company entered into an option agreement with Shadow Ventures Corp. (“Shadow”) to acquire a gold exploration property known as the Hansen prospect located in the Chibougamau area of northern Quebec (the “Hansen Property”).

7. **EXPLORATION AND EVALUATION ASSETS (cont'd...)**

Shadow acquired the right to acquire the Hansen Property from Fayz Yacoub and Ramy Yacoub (the "Underlying Optionors") pursuant to an agreement dated October 1, 2020, an amending agreement dated April 8, 2021, and a second amending agreement dated August 9, 2021 (together, the "Underlying Option Agreement"). The Company has agreed, pursuant to its option agreement with Shadow (the "Vatic Option Agreement") to option the rights and obligations from Shadow as provided for in the Underlying Option Agreement by satisfying the requirements of the Underlying Option Agreement and by providing Shadow with additional consideration. The Underlying Option Agreement was further amended on September 30, 2021, October 1, 2021, October 31, 2021, September 30, 2022, and September 20, 2023. The below requirements are reflective of such amendments.

In order to satisfy the requirements of the Underlying Option Agreement and the Vatic Option Agreement the Company will issue the shares, make the cash payments and complete the exploration expenditures as follows:

Shares:

- a) At the option of the Company, either issue 500,000 shares or issue such number of shares equal to \$100,000 prior to October 1, 2021*;
- b) On closing, issue 7,000,000 shares which will be issued pro rata to the shareholders of Shadow*;
- c) On the date that a National Instrument 43-101 Technical Report on the Hansen Property is submitted to the Exchange, at the option of the Company, either issue an additional 500,000 shares or such number of shares equal to \$100,000**;
- d) On or before December 31, 2022 a further 250,000 shares***; and
- e) On or before October 31, 2023 a further 250,000 shares***.

** During the year ended February 28, 2023, Exchange approval was granted and the Company issued the shares with a value of \$1,875,000.*

*** During the year ended February 28, 2023, the Company submitted the National Instrument 43-101 Technical Report and issued the shares with a value of \$125,000.*

**** During the year ended February 29, 2024, Exchange approval was granted and the Company issued the shares with a value of \$65,000.*

Cash:

- a) \$25,000 on or before October 8, 2021 (paid);
- b) \$55,000 payable on the date the Exchange approve the Option Agreement (paid);
- c) \$10,000 on October 1, 2022 (paid);
- d) \$15,000 on October 31, 2023 (\$1,500 paid, the remaining \$13,500 yet to be paid);
- e) \$25,000 on February 1, 2024 (unpaid); and
- f) \$20,000 on October 1, 2024 (unpaid).

Expenditures:

On or before the following dates, the Company is required to incur exploration expenditures of:

- a) \$50,000 on or before March 31, 2022 (incurred); and
- b) A further \$200,000 on or before October 31, 2025.

As at February 28, 2025, the Company is not in compliance with the Underlying Option Agreement. During the year ended February 28, 2025, the management had decided to write off the carrying value of the property. However, the Company has not received any notices of termination.

7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Sister's Mountain Property in New Brunswick

On February 14, 2023, the Company entered into an option agreement (the "Vatic Sister's Mountain Property Option Agreement") with Commitment Capital Inc. ("CCI") whereby it has an option to acquire a 100% interest in a Rare Earth Elements (REE) and polymetallic claims package known as the Sister's Mountain prospect (the "Sister's Mountain Property"), located in Southwestern New Brunswick.

CCI acquired the right to acquire the Sister's Mountain Property from Wayne Lockhart (the "Optionor") pursuant to an agreement dated December 11, 2022 (the "Sister's Mountain Property Underlying Option Agreement"). The Company has agreed, pursuant to its option agreement with CCI to option the rights and obligations from CCI as provided for in the Sister's Mountain Property Underlying Option Agreement by satisfying the requirements of the Sister's Mountain Property Underlying Option Agreement and by providing CCI with certain consideration as follows:

Cash:

- a) \$15,000 on the date the Exchange approves the option agreement (\$10,000 paid and recognized as deferred acquisition costs;
- b) additional \$22,000 paid in deferred acquisition costs during the year ended February 29, 2024;

Shares:

- a) 10,000,000 shares to be issued on the date the Exchange approves the Vatic Sister's Mountain Property Option Agreement;
- b) 2,000,000 shares to be issued on the first anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2023).

In order to satisfy the requirements of the Sister's Mountain Property Underlying Option Agreement to the Optionor, the Company will issue the shares and make the cash payments to the Optionor and complete the exploration expenditures on the Sister's Mountain Property as follows:

Shares:

- a) the lessor of 500,000 shares or such number of shares having a trade value of \$100,000 at the time of issuance upon the Exchange's acceptance of a National Instrument 43-101 Standards of Disclosure for Mineral Projects technical report (the "NI 43-101 Report") on the Sister's Mountain Property;
- b) 500,000 shares to be issued on the first anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2023);
- c) 500,000 shares to be issued on the second anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2024);
- d) 500,000 shares to be issued on the third anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2025);
- e) 500,000 shares to be issued on the fourth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2026); and
- f) 500,000 shares to be issued on the fifth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2027).

7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Cash:

- a) \$90,000 payable on upon the Exchange's acceptance of the NI 43-101 Report;
- b) \$50,000 payable on the second anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2024);
- c) \$50,000 payable on the third anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2025);
- d) \$50,000 payable on the fourth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2026); and
- e) \$100,000 payable on the fifth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2027).

Expenditures:

On or before the following dates, the Company is required to incur exploration expenditures of:

- a) Up to \$35,000 for the production and submission of the NI 43-101 Report;
- b) \$250,000 on or before the first anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2023);
- c) \$300,000 on or before the second anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2024);
- d) \$350,000 on or before the third anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2025);
- e) \$400,000 on or before the fourth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2026); and
- f) \$450,000 on or before the fifth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement for an aggregate total of \$1,785,000 (December 11, 2027).

The Sister's Mountain Property is subject to various net smelter returns royalties totaling 3% to various parties, 1% of which can be repurchased by the Company by the payment of \$1,000,000 to one of the royalty holders that currently holds 2% of the 3% total royalties.

Contingencies:

On February 28, 2023, the Company has been advised that it, along with the Optionor and CCI, has been named as defendants in a lawsuit ("Notice of Civil Claim") commenced by Mayne Minerals Inc. ("Mayne"), a private company, wherein Mayne alleges that certain mineral claims comprising part of the Sister's Mountain Property (the "Claims") were improperly staked for the benefit of the Optionor rather than for Mayne. During the year ended February 29, 2024, the Company has filed a Response to Civil Claim. In the opinion of management, the ultimate disposition of the matter is not determinable as it is too early to provide an assessment given it was recently commenced, but the Company will vigorously defend and enforce its right to purchase the Claims in good faith.

During the year ended February 28, 2025, the management had decided to write off the carrying value of the property.

7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Solonópole South Property in Brazil

On April 4, 2024, the Company announced it had entered into a share purchase agreement to acquire a lithium property ("Solonópole South") through its wholly owned subsidiary Privco.

In accordance with the original terms of the Underlying Option dated in 2023, the obligations of which the Company will assume, in addition to being required to make varying annual cash payments for three years the Company was also required to issue US\$137,500 worth of shares in the first year, US\$300,000 worth of shares in the second year and US\$562,500 in the third year. The exchange rate to be used in calculating the US dollar equivalent will be 1.35 and the shares will be issued at a deemed minimum price which is the greater of \$0.08 and the value weighted average trading price of the Company's shares in the ten days prior to issuance of such shares. On March 20, 2024, the Company amended the Underlying Option substantially to reduce the option payments by 60% overall as follows:

- a) paying to the Underlying Owner US\$55,000 and causing to be issued to the Underlying Owner US\$55,000 worth of shares of the Company within twelve months of the Initial Payment Date, to acquire a 33% interest in Solonópole South;
- b) paying to the Underlying Owner US\$120,000 and causing to be issued to the Underlying Owner US\$120,000 worth of shares of the Company within twenty-four months of the Initial Payment Date, to acquire a 33% interest in Solonópole South; and
- c) paying to the Underlying Owner US\$225,000 and causing to be issued to the Underlying Owner US\$225,000 worth of shares of the Company within thirty-six months of the Initial Payment Date, to acquire a 34% interest in Solonópole South for an aggregate 100% interest.

In accordance with the terms of the Underlying Option, 1432714 B.C. Ltd. made payments to the Underlying Optionor of USD\$4,000 and USD\$40,000.

On January 6, 2025, the Underlying Option to acquire 100% of the Solonópole South concessions was renegotiated as follows:

- a) Paying to the Underlying Optionor USD\$2,500 by January 17, 2025 (the "Purchase Price") (paid CAD\$3,691); and
- b) In addition to the Purchase Price, the Company agrees to pay the Underlying Optionor a perpetual royalty of one percent (1%) on the gross revenue derived from the sale of any minerals commercially exploited from the concessions ("Royalty"). The Company shall have the option to buy out the Royalty at any time by paying the Underlying Optionor a one-time fee of USD\$1,000,000.
- c) All future share considerations are cancelled.

Solonópole North in Brazil

In addition to the renegotiated Underlying Option for Solonópole South, on January 6, 2025, the Company entered into an agreement with 1434593 B.C. Ltd., a private company, which has an option agreement with the Underlying Optionor to acquire a lithium property (the "Solonópole North Option"). As part of the proposed transaction 1434593 B.C. Ltd. will become a wholly-owned subsidiary of the Company. The proposed transaction is subject to TSXV approval, the terms of which are:

- a) Paying to the Underlying Optionor USD\$2,500 by January 17, 2025 (the "Purchase Price") (paid CAD\$3,691);
- b) Paying to a shareholder of 1434593 B.C. Ltd. acquisition and corporate costs of USD\$50,000 by March 31, 2025 (unpaid); and
- c) In addition to the Purchase Price, the Company agrees to pay the Underlying Optionor a perpetual royalty of one percent (1%) on the gross revenue derived from the sale of any minerals commercially exploited from the concessions ("Royalty"). The Company shall have the option to buy out the Royalty at any time by paying the Underlying Optionor a one-time fee of USD\$1,000,000.

7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

As the Company did not pay USD \$50,000 to the 1434593 B.C. Ltd. shareholder, the Company was not in compliance with its option agreement.

Opuwo Property in Namibia

On July 25, 2024, the Company entered into a share purchase agreement with arm's length vendors to acquire, subject to Exchange approval, the shares of a private company which has the right to acquire up to a 80% interest in a copper property in Namibia (the "Opuwo Property"). Exploration costs of \$44,649 (2024 - \$2,400) relating to the Opuwo Property are expensed as Project investigation.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	February 28, 2025	February 29, 2024
Accounts payable	\$ 274,856	\$ 207,203
Accrued liabilities	412,272	365,314
	<u>\$ 687,128</u>	<u>\$ 572,517</u>

During the year ended February 28, 2025, the Company reviewed the accounts payable items and their terms, and determined \$128,500 of the accounts payable balances should be derecognized as financial liabilities. As a result, the Company recorded a gain on extinguishment of debt of \$128,500 (February 29, 2024 - \$11,424).

9. LOANS PAYABLE

During the year ended February 28, 2021, the Company entered into a Canada Emergency Business Account ("CEBA") loan with the Government of Canada. The amount of the loan is \$60,000 from the Government of Canada. The CEBA Loan has an initial term that expires on December 31, 2023, throughout which, the CEBA Loan remains interest free. Since the balance was not paid by January 18, 2024, the \$60,000 CEBA Loan has been converted to a loan with 5% annual interest and a maturity date of December 31, 2026. The Company incurred \$345 in interest expenses during the year ended February 29, 2024. The \$345 interest expenses included a \$271 interest payment and \$74 of accrued interest. The Company incurred \$2,967 in interest expenses during the year ended February 28, 2025. The \$2,967 interest expenses included a \$2,753 interest payment and \$214 of accrued interest.

During the year ended February 29, 2024, the Company received loans from a third-party shareholder for a total of \$218,184. The loans are unsecured, bear no interest and are repayable on demand. During the year ended February 29, 2024, the Company settled \$58,050 of loan principal. As of February 29, 2024, total remaining loan principal is \$160,134. During the year ended February 28, 2025, the Company had additions of \$128,568 and settled \$195,101 of loan principal. As of February 28, 2025, total remaining loan principal is \$93,601.

<u>Loans from third party shareholder</u>	
Balance, February 28, 2023	\$ -
Additions	218,184
Payments	<u>(58,050)</u>
Balance, February 29, 2024	\$ 160,134
Additions	128,568
Settlements	<u>(195,101)</u>
Balance, February 28, 2025	<u>\$ 93,601</u>

9. LOANS PAYABLE (cont'd...)

During the year ended February 28, 2025, the Company assumed a \$57,513 loan when acquiring Privco (the "Loan"). The Loan will bear interest at 24% per annum accrued monthly payable upon repayment of the Loan. A loan fee equal to 100% of the Loan amount will be payable on the repayment date on top of the principal amount of the Loan and the interest accrued, due on demand. As of February 28, 2025, the total remaining Loan balance is \$61,767 including \$4,254 accrued loan interest.

<u>Loans from acquiring 1432714 B.C. Ltd.</u>		
Balance, February 28, 2023	\$	-
Additions		-
Balance, February 29, 2024	\$	-
Additions		57,513
Interests accrued		4,254
Payments		-
Balance, February 28, 2025	\$	<u>61,767</u>

10. SHARE CAPITAL

Authorized: unlimited common shares without par value

During the year ended February 28, 2025, the Company:

- a) The Company issued 6,000,000 shares pursuant for the acquisition of 1432714 B.C. Ltd. with a value of \$240,000. The 6,000,000 shares for the acquisition of 1432714 B.C. Ltd. included 4,500,000 escrow shares. The 4,500,000 escrow shares are subject to value escrow agreements which will result in the shares being released from escrow on the basis of 10% on TSXV approval and 15% every six months thereafter.

As of February 28, 2025, 4,500,000 common shares of the Company were held in escrow.

- b) The Company issued 1,171,152 shares for loan settlement of \$93,692 from the exercise of options.
- c) The Company closed a non-brokered private placement consisting of 3,474,100 units at \$0.05 per unit for aggregate gross value of \$173,705, including \$140,705 cash proceeds, \$25,000 loan settlement and \$8,000 worth of subscriptions recorded. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable for an additional common share of the Company at \$0.075 for a two year period. In connection with the private placement, the Company paid cash finders' fees of \$8,286 and issued 165,720 finders' warrants with a value of \$4,254. Each finders' warrant entitles the holder to purchase one common share of the Company at a price of \$0.075 for a period of 24 months. The finder's warrants were valued using the Black-Scholes model with the following inputs: expected life of 2 years, discount rate of 3.31%, volatility of 133% and dividend yield of nil. As the value per share on the private placement date was \$0.045 and was lower than the \$0.05 per unit issue price, a residual value of \$17,370 was allocated from share capital to warrant reserve.
- d) The Company issued 240,557 common shares at \$0.07 per share to settle \$16,839 of debt of the Company to an arms-length creditor, resulting in a gain on settlement of \$3,608.

During the year ended February 29, 2024, the Company:

- a) The Company issued 250,000 shares pursuant to the option agreement of the Hansen Gold Property with a value of \$45,000.
- b) The Company issued 250,000 shares pursuant to the option agreement of the Hansen Gold Property with a value of \$20,000.

10. SHARE CAPITAL (cont'd...)

c) The Company issued 254,075 shares for proceeds of \$20,326 from the exercise of options.

There were no private placements during the year ended February 29, 2024 for the Company.

Share options

The Company adopted a share option plan (the “Share Option Plan”) under which it may grant options to directors, officers, and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the discounted market price, which is the closing market price at date the options were granted. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

For share options granted to employees, officers, directors, and consultants, the Company recognizes share-based payments, measured at the estimated fair value of the share options granted. The fair value of each share option granted was estimated on the date of grant using the Black-Scholes option-pricing model.

Changes in stock options are as follows:

	Number of options	Weighted average exercise price	Weighted average number of years to expiry
Balance, February 28, 2023	2,971,152	\$ 0.21	4.20
Cancelled	(1,971,152)	0.20	N/A
Exercised	(254,075)	0.08	N/A
Granted	1,971,152	0.13	3.91
Balance, February 29, 2024	2,717,077	\$ 0.14	4.07
Exercised	(1,171,152)	0.08	N/A
Cancelled	(845,925)	0.16	N/A
Balance, February 28, 2025	700,000	\$ 0.21	2.26

As at February 28, 2025, the following options were outstanding and exercisable:

Weighted average exercise price	Weighted average contractual life (years)	Number of options outstanding	Number of options exercisable	Expiry date
\$ 0.22	1.39	300,000	300,000	July 19, 2026
0.20	2.92	400,000	400,000	January 31, 2028
\$ 0.21	2.26	700,000	700,000	

On March 31, 2023, the Company granted 250,000 stock options to a consultant of the Company. The options have an exercise price of \$0.20 and expire 5 years from the date of issuance. The fair value of the stock options was estimated to be \$35,707 using the Black-Scholes option pricing model with the following inputs: expected life of five years, discount rate of 3.02%, volatility of 101% and dividend yield of nil. The Company recorded share-based compensation of \$35,707 during the year ended February 29, 2024.

VATIC VENTURES CORP.**Notes to the Consolidated Financial Statements****(Expressed in Canadian dollars)****For the years ended February 28, 2025 and February 29, 2024****10. SHARE CAPITAL (cont'd...)**

On November 9, 2023, the Company granted 1,721,152 stock options to consultants of the Company. The options have an exercise price of \$0.08 and expire 5 years from the date of issuance. The fair value of the stock options was estimated to be \$103,404 using the Black-Scholes option pricing model with the following inputs: expected life of five years, discount rate of 3.94%, volatility of 98% and dividend yield of nil. The Company recorded share-based compensation of \$103,404 during the year ended February 29, 2024.

On January 23, 2024, 254,075 options were exercised at \$0.08 for proceeds of \$20,326. The Company transferred \$15,264 to share capital from share-based payment reserve.

During the year ended February 29, 2024, the Company cancelled 1,971,152 stock options; accordingly, the Company transferred \$311,747 to deficit from share-based payment reserve.

During the year ended February 28, 2025, the Company cancelled 845,925 stock options; accordingly, the Company transferred \$104,090 to deficit from share-based payment reserve.

During the year ended February 28, 2025, 1,171,152 stock options were exercised at a price of \$0.08 per share to settle loans and no cash was received. \$70,361 was transferred to share capital from share-based payment reserve.

Warrants

Changes in warrants outstanding are as follows:

	Warrants outstanding	Weighted average exercise price	Weighted average number of years to expiry
Balance, February 28, 2023	3,677,000	\$ 0.330	1.48
Balance, February 29, 2024	3,677,000	\$ 0.330	0.48
Expired	(3,677,000)	\$ 0.808	NA
Granted	3,639,820	0.075	1.50
Balance, February 28, 2025	3,639,820	\$ 0.075	1.50

As at February 28, 2025, the following warrants are outstanding and exercisable:

Weighted average exercise price	Weighted Average Life (years)	Number of warrants outstanding & exercisable	Expiry date
0.075	1.50	3,474,100	August 29, 2026
0.075	1.50	165,720	August 29, 2026
\$ 0.075	1.50	3,639,820	

11. FLOW-THROUGH SHARE PREMIUM LIABILITY

On December 12, 2022, the Company raised \$598,000 through the issuance of 2,600,000 flow-through units at a price of \$0.23 per unit. A flow-through liability of \$117,000 was recognized on the issuance date. As of February 29, 2024, \$598,000 remains to be spent on qualifying expenditures.

To comply with Canadian tax law, the Company is required to incur these funds on Canadian eligible exploration expenditures prior to December 31, 2023. As at February 29, 2024, \$598,000 of these flow through funds remain unspent prior to December 31, 2023. As a result, pending any extension being granted, at February 29, 2024, the flow-through premium liability was reduced to \$Nil by recognizing other income of \$117,000, and the Company recorded a provision of \$531,000 towards Part XII.6 tax and potential indemnification of tax liabilities to purchasers of the flow-through shares. At February 28, 2025, the Company recorded an additional provision of \$63,088 towards Part XII.6 tax and accrued \$3,154 interest expenses on the Part XII.6 tax and penalties, which resulted in a \$597,242 balance of provision for indemnity at February 28, 2025 (February 28, 2024 - \$531,000).

12. CAPITAL DISCLOSURE

The Company considers its capital structure to include the net residual equity of all assets, less liabilities. Capital is comprised of the Company's equity and any debt that it may issue. The Company's objectives when managing capital are to (i) maintain sufficient working capital to meet current financial obligations and continue as a going concern; (ii) maintain a capital structure to allow the Company to raise equity funding to finance its capital expenditures and acquisition activities; (iii) maintain creditworthiness and maximize returns for shareholders over the long term; (iv) maintain capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic circumstances. The capital for expansion was mostly from proceeds from the issuance of common shares and debt. The net proceeds raised will be used to fund the Company's working capital. There were no changes to the way the Company manages its capital during the year ended February 28, 2025.

13. FINANCIAL INSTRUMENTS AND RISKS

Fair values

Under IFRS, a three-level hierarchy that reflects the significance of inputs used in making fair value adjustments is required. The three levels of the fair value hierarchy are as follows:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 – Inputs for assets or liabilities that are not based on observable market data.

The Company does not have any financial assets or liabilities measured subsequently at fair value.

The fair values of cash, amounts receivable, due to related parties, accounts payable, accrued liabilities and current loan payable approximate the carrying values due to short term to maturity. The fair value of the Company's non-current loans payable approximates the carrying values and contractual interest rates are comparable to current market interest rates.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

13. FINANCIAL INSTRUMENTS AND RISKS (cont'd...)

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables.

The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's amounts receivable consist primarily of GST receivable due from federal government agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. At February 28, 2025, the Company had cash of \$4 (February 29, 2024 – \$1,819), which is insufficient to settle current liabilities of \$1,446,101 (February 29, 2024 - \$1,273,629).

Market risk

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

Currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company may have transactions that are denominated in US dollars. These transactions pose potential currency risks and may have a significant impact on the Company.

Based on the net exposures at February 28, 2025, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would not have a significant impact on the Company's net loss and comprehensive loss.

Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company's current exposure to interest rate risk is limited to its cash and cash equivalents yielding interest income at varying rates. The Company's interest obligations on its loan payable and certain accounts payable balances, are fixed. The Company's current exposure to interest rate risk is insignificant.

Commodity risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals, and the stock market to determine the appropriate course of action to be taken by the Company. The Company's current exposure to commodity rate risk is insignificant.

14. RELATED PARTY TRANSACTIONS

The amounts due to related parties are amounts due to officers and directors of the Company. The balances are unsecured, non-interest bearing and have no specific terms for repayment. These transactions are in the normal course of operations. The amounts due to related parties during the year ended on February 28, 2025 and the year ended February 29, 2024 are as follows:

Due to related parties			
	February 28, 2025		February 29, 2024
CFO	\$	6,363	\$ 9,978
Total	\$	6,363	\$ 9,978

During the year ended February 28, 2025 and February 29, 2024, the Company paid or accrued management and consulting fees to its officers and directors as follows:

Consulting fees			
	Years ended		
	February 28, 2025		February 29, 2024
CEO	\$	-	\$ 2,000
CFO	\$	4,000	\$ 48,000
	\$	4,000	\$ 50,000

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the year ended February 28, 2025:

- Issued 6,000,000 shares of the Company valued at \$240,000 pursuant to the agreement to acquire 1432714 B.C. Ltd.
- Issued 240,557 common shares at \$0.07 per share to settle \$16,839 of debt of the Company to an arms-length creditor.
- Cancelled 845,925 options valued at \$104,090.
- Issued 1,171,152 shares for debt settlement of \$93,692 from the exercise of options.
- Of the 3,474,100 shares issued at \$0.05 per share, 500,000 of these shares valued at \$0.05 per share were issued to settle debt.
- Reversed \$95,407 fair value due to expiration of 544,693 finders' warrants.
- Issued 165,720 finders' warrants with a value of \$4,254 in connection to the closing of the non-brokered private placement.

The significant non-cash transactions for the year ended February 29, 2024:

- Issued 250,000 shares of the Company valued at \$45,000 pursuant to the option agreement to acquire the Hansen Gold Property.
- Issued 250,000 shares of the Company valued at \$20,000 pursuant to the option agreement to acquire the Hansen Gold Property.
- Reclassification of the fair value of exercised options from reserves to share capital amounting to \$15,264.
- Reclassification of the fair value of cancelled options from reserves to deficit amounting to \$311,747.
- \$nil paid for interest and income taxes.

16. INCOME TAXES

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

	2025	2024
Loss for the year	\$ (2,611,181)	\$ (1,272,320)
Expected income tax (recovery)	\$ (705,000)	\$ (344,000)
Change in statutory, foreign tax, foreign exchange rates and other	2,000	-
Permanent differences	2,000	152,000
Share issue cost	(2,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	8,000	598,000
Change in unrecognized deductible temporary differences	695,000	(406,000)
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2025	Expiry Date Range	2024	Expiry Date Range
Temporary Differences				
Share issue costs	\$ 48,000	2046 to 2048	\$ 68,000	2045 to 2047
Property and equipment	\$ 10,000	No expiry date	\$ 10,000	No expiry date
Exploration and evaluation assets	\$ 183,000	No expiry date	\$ (2,020,000)	No expiry date
Investment tax credits	\$ 4,000	2038	\$ 4,000	2038
Non-capital losses	\$ 9,284,000	2033 to 2045	\$ 8,896,000	2032 to 2044
Canada	9,284,000	2033 to 2045	8,896,000	2032 to 2044

17. SUBSEQUENT EVENTS

As of June 26, 2025, 3,600,000 common shares were held in escrow.

Subsequent to the year ended February 28, 2025, the Company entered into a share purchase agreement to acquire, subject to TSXV approval, 100% of the shares of a private company, Velvet Clean Energy Corp. ("Velvet"), which has the right to acquire up to an 80% interest in a uranium property in Namibia termed EPL 8289 ("EPL 8289" or the "ZOYA Property"), and up to 90% in another uranium license designated EPL 8735 ("EPL 8735" or the "GALORE Property") both located in province of Erongo and within the known Alaskite Alley. Velvet has paid a US\$25,000 deposit to secure its rights. To acquire all of the outstanding common shares of Velvet the Company will issue 7,500,000 common shares of the Company post consolidation ("Post Consolidation Vatic Shares") to the shareholders of Velvet at a deemed price of \$0.06 per Vatic Share.

17. SUBSEQUENT EVENTS (cont'd...)

a) Proposed Name Change and Consolidation:

Subsequent to the year ended February 28, 2025, the Company announced on April 29, 2025, its intention to change its name to Ballistic Energy Metals Corp. and to consolidate its common shares ("Shares") on a 3-old-for-1-new share basis (the "Consolidation"). The 41,351,394 Shares currently issued and outstanding will be reduced to approximately 13,783,798 post-Consolidation Shares. No fractional shares will be issued under the Consolidation. Each fractional share following the Consolidation that is less than one-half of a share will be cancelled and each fractional share that is at least one-half of a share will be rounded up to the nearest whole share. The exercise or conversion price and the number of shares issuable under any of the Company's outstanding stock options and convertible instruments, as applicable, will be proportionately adjusted upon completion of the Consolidation.

The Name Change and Consolidation are subject to the acceptance of the TSXV and the pre-Consolidated Shares will continue to be traded on the Exchange under the current trading symbol "VCV". Upon acceptance by the Exchange, the Company's symbol, CUSIP, and ISIN will change upon the completion of the Consolidation. As of the date of this report, the Name Change and Consolidation have not been finalized.