

Northern Spin-Out Assets

Condensed Interim Carve-Out Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

Northern Spin-Out Assets
Condensed Interim Carve-out Statements of Financial Position
Expressed in Canadian Dollars

As at:		December 31, 2023	December 31, 2023
	Notes	\$	\$
ASSETS			
<hr/>			
Total assets		-	-
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LIABILITIES AND DEFICIENCY			
NON-CURRENT LIABILITIES			
Environmental obligations	7	200,194	200,194
Total liabilities		200,194	200,194
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DEFICIENCY			
Contributions from Northern Superior Resources Inc.		4,366,840	3,790,528
Contributions from Genesis Metals Corp.		765,386	765,386
Deficit		(5,332,420)	(4,756,108)
Total deficiency		(200,194)	(200,194)
Total liabilities and deficiency		-	-
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Nature of Operations and Going Concern	1		
Contingencies	8		

Approved by Management on June 26, 2024:

Signed: "Kyle Stanfield"
CEO

Signed: "Greg Duras"
CFO

The accompanying notes are an integral part of these condensed interim carve-out financial statements.

Northern Spin-Out Assets

Condensed Interim Carve-Out Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars

		For the period ended:	
		March 31,	March 31,
		2024	2023
	Note	\$	\$
Expenses			
Exploration and evaluation	4	153,884	125,887
Corporate overhead allocation	5	422,428	67,512
Net loss and comprehensive loss for the period		(576,312)	(193,399)

The accompanying notes are an integral part of these condensed interim carve-out financial statements.

Northern Spin-Out Assets

Condensed Interim Carve-Out Statements of Changes in Deficiency

Expressed in Canadian Dollars

For the periods ended March 31, 2024 and 2023

	Contributions by Northern Superior Resources Inc. \$	Contributions by Genesis Metals Corp. \$	Deficit	Total Deficiency \$
Balance, January 1, 2024	3,790,528	765,386	(4,756,108)	(200,194)
Contributions from Northern Superior Resources Inc.	576,312	-	-	576,312
Contributions from Genesis Metals Corp.	-	-	-	-
Loss and comprehensive loss for the period	-	-	(576,312)	(576,312)
Balance, March 31, 2024	4,366,840	765,386	(5,332,420)	(200,194)

	Contributions by Northern Superior Resources Inc. \$	Contributions by Genesis Metals Corp. \$	Deficit	Total Deficiency \$
Balance, January 1, 2023	2,964,671	765,386	(3,902,589)	(172,532)
Contributions from Northern Superior Resources	193,399	-	-	193,399
Loss and comprehensive loss for the period	-	-	(193,399)	(193,399)
Balance, March 31, 2023	3,158,070	765,386	(4,095,988)	(172,532)

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Northern Spin-Out Assets

Condensed Interim Carve-Out Statements of Cash Flows

Expressed in Canadian Dollars

For the periods ended March 31, 2024 and 2023

	March 31, 2024	March 31, 2023
	\$	\$
Operating activities		
Net loss	(576,312)	(193,399)
Items not affecting cash:		
Non-cash corporate overhead allocation	111,359	37,152
Non-cash exploration and evaluation	-	-
Net cash flow (used in) operating activities	(464,953)	(156,247)
Financing activities		
Contributions from Northern Superior Resources	464,953	156,247
Contributions from Genesis Metals Corp.	-	-
Net cash flow provided by financing activities	464,953	156,247
Change in cash and cash equivalents during the year	-	-
Cash, beginning of year	-	-
Cash and cash equivalents, end of period	-	-

The accompanying notes are an integral part of these condensed interim carve-out financial statements.

Northern Spin-Out Assets

Notes to the Condensed Interim Carve-Out Financial Statements For the three months ended March 31, 2024 and 2023

Expressed in Canadian Dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

The Northern Spin-Out Assets (the "Properties") consists of certain mineral properties in Ontario, Canada, which are currently owned by Northern Superior Resources Inc. ("Northern"). These include the October Gold Project ("October Gold"), Ti-paa-haa-kaa-ning ("TPK"), and Meston Lake, Tapson Bay and Thorne Lake properties ("Ontario Properties"). These properties are collectively referred to as the "Northern Spin-Out Assets".

During July 2023, Northern announced a proposed transaction to sell Northern Spin-Out Assets to 1348515 B.C. Ltd. ("134BC") for 35,686,686 common shares of 134BC (the "Proposed Transaction"). The Proposed Transaction is subject to certain shareholder and regulatory approvals and there can be no assurance the Proposed Transaction will be completed as contemplated or at all.

These carve-out financial statements have been prepared on a going concern basis which assumes that the Properties will be able to discharge its liabilities in the normal course of business for the foreseeable future. The Properties have incurred a net loss for the three months ended March 31, 2024 of \$576,312 (March 31, 2023 - \$193,399), and had a deficit of \$5,332,420 as at March 31, 2024 (December 31, 2023 – \$4,756,108). The continuing operations of the Properties are dependent upon its ability to raise adequate financings. These matters represent material uncertainties that cast significant doubt upon the Properties' ability to continue as a going concern. If the Properties are unable to secure additional financing, repay liabilities as they come due, and/or continue as a going concern, then material adjustments would be required to the carrying value of liabilities and the carve-out statement of financial position classifications used. These carve-out financial statements do not include any adjustments relating to the classification of liabilities that may arise should the Properties be unable to continue as a going concern.

Approval of the financial statements

These carve-out financial statements were approved for issuance by the management of Northern on June 25, 2024.

2. BASIS OF PRESENTATION

These unaudited condensed interim carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Chartered Professional Accountants of Canada applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These condensed interim carve-out financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Properties annual financial statements as at and for the year ended December 31, 2023. In particular, the Company's significant accounting policies were summarized in Note 3 of the financial statements for the year ended December 31, 2023, and have been consistently applied in the preparation of these condensed interim carve-out financial statements. These unaudited condensed interim carve-out financial statements were prepared on a going concern basis.

3. CAPITAL MANAGEMENT

The Properties manages and adjusts its capital structure based on available funds in order to support the exploration and development of mineral properties and to sustain future development of the business. The capital structure of the Properties consists of the equity.

The Properties are dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Properties must raise additional amounts. The Properties may continue to assess new properties and may seek to acquire an interest in additional properties

Northern Spin-Out Assets

Notes to the Condensed Interim Carve-Out Financial Statements For the three months ended March 31, 2024 and 2023

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if it determines there is sufficient geologic or economic potential and has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Properties, is reasonable.

The Properties are not subject to any capital requirements imposed by a lending institution or regulatory body.

4. EXPLORATION AND EVALUATION EXPENDITURES

The following table summarizes the exploration and evaluation expenditures the Properties incurred for the three months ended March 31, 2024 and 2023 on its mineral properties:

	October Gold	TPK	Ontario Properties	Total
	\$	\$	\$	\$
March 31, 2024				
Expenses				
Claim maintenance	2,280	133,881	-	136,161
Project administration (Note 9)	-	11,845	-	11,845
Geology	489	5,389	-	5,878
Total	2,769	151,115	-	153,884
	October Gold	TPK	Ontario Properties	Total
	\$	\$	\$	\$
March 31, 2023				
Expenses				
Claim maintenance	-	17,927	-	17,927
Project administration (Note 9)	-	77,916	-	77,916
Geology	24,852	4,263	-	29,115
Other	929	-	-	929
Total	25,781	100,106	-	125,887

October Gold

Northern has a 100% interest in the October Gold property subject to a 3% NSR of which Northern can purchase 2% on payment of \$500,000 for each 1% NSR. In September 2021, a Memorandum of Understanding ("MOU") with two First Nations regarding exploration activities on its October Gold project. The MOU sets out a framework to facilitate exploration activities at the October Gold project. In addition, there is a requirement to pay a fee of 2% of eligible expenditures on the project to the First Nations (1% each) annually.

On November 6, 2023, Northern announced that it has granted Evolution Mining Limited an option to acquire a 75% undivided interest in October Gold by incurring an aggregate of \$7 million in expenditures and making cash payments totalling \$1.1 million (the "Option") over a period of 5 years. The annual schedule of expenditures and cash payments is as follows:

(a) incurring an aggregate of C\$7,000,000 in expenditures on the October Gold Project as per the following schedule: (i) an amount of at least C\$1,500,000 on or before the second anniversary of the Earn-In Agreement; (ii) an additional amount of at least C\$1,000,000 on or before the third anniversary of the Earn-In Agreement; (iii) an additional amount of at least C\$2,000,000 on or before the fourth anniversary of the Earn-In Agreement; and (iv) an additional amount of at least \$2,500,000 on or before the fifth anniversary of the Earn-In Agreement;

(b) paying to the Properties an aggregate cash payment of C\$1,100,000 as per the following schedule: (i) an amount of C\$350,000 within 20 Business Days following the execution of the Earn-In agreement; (ii) an amount of C\$300,000 within 60 Business Days following the third anniversary of the Earn-In Agreement; and (iii) an

Northern Spin-Out Assets

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amount of C\$450,000 within 60 Business Days following the fifth anniversary of the Earn-In Agreement. The initial payment of \$350,000 was received by Northern.

Upon closing of the Proposed Transaction, the Option will remain in full force and is expected to be assigned to the spin-out company 134BC.

TPK

Northern owns a 100% interest in the Ti-pa-haa-kaa-ning ("TPK") property and were staked by Northern. Although claims associated with the Annex area of the property are free of any Net Smelter Royalties ("NSR"), some claims associated with the Big Dam areas of the property are subject to a 2% NSR, of which the Properties has the right to purchase back 0.5% for \$1.0 million. Additionally, certain claims within the Big Dam area are subject to a 2% NSR on diamonds only in favour of Vale S.A.

Ontario Properties

The Meston, Rapson and Thorne Lake Properties are owned 100% by Northern, all of which were staked by Northern.

5. CORPORATE OVERHEAD ALLOCATION

The following tables summarizes the estimated allocation of corporate overhead incurred by Northern charged to the Properties:

March 31, 2024	October Gold	TPK	Ontario Properties	Total
	\$	\$	\$	\$
Expenses				
Consulting fees	77,900	1,427	-	79,327
Legal and accounting	27,990	513	-	28,503
Office expenses and salaries (Note 9)	137,773	2,525	-	140,298
Share-based payments (Note 9)	109,355	2,004	-	111,359
Shareholder information	61,808	1,133	-	62,941
Total	414,826	7,602	-	422,428

March 31, 2023	October Gold	TPK	Ontario Properties	Total
	\$	\$	\$	\$
Expenses				
Consulting fees	3,189	775	-	3,964
Legal and accounting	871	212	-	1,083
Office expenses and salaries (Note 9)	11,695	2,841	-	14,536
Share-based payments (Note 9)	29,890	7,262	-	37,152
Shareholder information	8,670	2,107	-	10,777
Total	54,315	13,197	-	67,512

For the three months ended March 31, 2024, a 70.31% corporate overhead charge was applied to these historical expenditures (three months ended March 31, 2023 – 6.89).

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6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

Fair value is the amount at which a financial instrument could be exchanged between willing parties based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Properties could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The Properties classifies the fair value of the financial instruments according to the following hierarchy based on the observable inputs used to value the instrument:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The Properties have no financial instruments to classify in the fair value hierarchy at March 31, 2024 and December 31, 2023.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Properties are currently not exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that the Properties will not be able to meet its financial obligations as they fall due. The Properties liquidity and operating results may be adversely affected if its access to the capital markets is hindered. The Properties have no sources of revenue and has obligations to meet its administrative overheads and to settle amounts payable to its creditors. There is no assurance that the Properties will be able to raise equity financing.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Properties are not exposed to interest rate risk.

7. ENVIRONMENTAL OBLIGATIONS

The Properties recognized a provision for future estimated reclamation costs related to an existing camp site on the TPK property. As at March 31, 2023, the estimated future liability of approximately \$200,000 (December 31, 2023 – \$200,000) was adjusted for inflation at an average rate of 3.11% (2023 – 3.11%), discounted at a rate of 3.10% (2023 – 3.10%), and recorded as \$200,194 (2023 - \$200,194).

8. CONTINGENCIES

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Properties' continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Properties to raise additional financing, as necessary, or alternatively upon the Properties' ability to dispose of its interests on an advantageous basis.

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Although the Properties has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations for such properties, these procedures do not guarantee the Properties' title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory, environmental, and social requirements. The Properties' property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

Underlying royalties on the Properties' properties are described in Note 4.

The Properties' mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Properties believe its operations are materially in compliance with all applicable laws and regulations. The Properties have made, and expects to make in the future, expenditures to comply with such laws and regulations.

9. TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel of the Properties

During the three months ended March 31, 2024, \$251,628 (2023 – \$56,104) was included in exploration and evaluation expenses and corporate overhead allocation for the allocated wages of certain directors and key management personnel of Northern.

10. SUBSEQUENT EVENTS

On April 26, 2024, the Proposed Transaction between 134BC and the Properties was completed. 134BC issued 35,686,686 common shares to Northern for the Northern Spin-Out Assets.