



**ATOMIC MINERALS CORPORATION**

**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2023 AND 2022**  
(Expressed in Canadian Dollars)



**Crowe MacKay LLP**

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## **Independent Auditor's Report**

To the Shareholders of Atomic Minerals Corporation

### **Opinion**

We have audited the consolidated financial statements of Atomic Minerals Corporation (the "Group"), which comprise the consolidated statement of financial position as at August 31, 2023 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at August 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **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 Group 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 is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group'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 year ended August 31, 2023. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. 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.

### **Recoverability of Exploration and Evaluation Assets**

As disclosed in Note 6 to the consolidated financial statements, the carrying value of Exploration and Evaluation Assets represents a significant asset of the Group. Refer to Note 2 and Note 3 to the consolidated financial statements for a description of the accounting policy and significant judgments applied to Exploration and Evaluation Assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining claims and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the mining claims and deferred exploration costs is unlikely to be recovered in full from successful development or by sale.

#### **Why the matter was determined to be a key audit matter**

We considered this a key audit matter due to (i) the significance of the mining claims and deferred exploration costs balance and (ii) the judgments made by management in its assessment of indicators of impairment related to mining claims and deferred exploration costs, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

#### **How the matter was addressed in our audit**

We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Obtaining, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates;
- Assessing compliance with option agreements by reviewing agreements, vouching cash payments and share issuances, and confirming the agreement terms and status with an optionor;
- Considering the status of the relevant exploration areas by holding discussions with management, and reviewing the Group's exploration budget and directors' minutes;
- Enquiring with management and reviewing its future plans and other documentation as evidence that further exploration and evaluation activities in the area of interest will be continued in the future;
- Assessing whether any data exists to suggest that the carrying value of the Exploration and Evaluation assets is unlikely to be recovered through development or sale; and
- Assessing the adequacy of the related disclosures in Note 2, Note 3 and Note 6 to the financial statements.

#### **Other matter**

The consolidated financial statements of Atomic Minerals Corporation for the year ended August 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on December 29, 2022.

#### **Other Information**

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

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

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 International Financial Reporting 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. 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 period 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 Kevin Kwan.

*Crowe Mackay LLP*

**Chartered Professional Accountants  
Vancouver, Canada  
December 29, 2023**

# ATOMIC MINERALS CORPORATION

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	<b>August 31,</b>	<b>August 31,</b>
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 4,158	\$ 604,822
GST recoverable	24,992	41,115
Note receivable (Note 5)	-	11,504
Prepaid expenses	3,269	83,831
<b>Total Current Assets</b>	<b>32,419</b>	<b>741,272</b>
<b>Equipment</b>	<b>12,887</b>	<b>16,793</b>
<b>Reclamation Bond (Note 6)</b>	<b>78,309</b>	<b>-</b>
<b>Exploration and Evaluation Assets (Note 6)</b>	<b>896,865</b>	<b>812,046</b>
<b>Total Assets</b>	<b>\$ 1,020,480</b>	<b>\$ 1,570,111</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 202,764	\$ 68,574
Notes payable (Note 7)	300,013	-
<b>Total Current Liabilities</b>	<b>502,777</b>	<b>68,574</b>
<b>Advance Payable (Note 6)</b>	<b>77,999</b>	<b>-</b>
<b>Notes Payable (Note 7)</b>	<b>-</b>	<b>33,554</b>
<b>Total Liabilities</b>	<b>580,776</b>	<b>102,128</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital (Note 8)	15,658,777	15,178,777
Reserve	914,636	900,595
Deficit	(16,133,709)	(14,611,389)
<b>Total Shareholders' Equity</b>	<b>439,704</b>	<b>1,467,983</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,020,480</b>	<b>\$ 1,570,111</b>

**Nature of Operations and Going Concern (Note 1)**

**Subsequent Events (Note 13)**

These consolidated financial statements were approved and authorized for issue by the Board of Directors on December 29, 2023. They are signed on the Company's behalf by:

\_\_\_\_\_  
"Clive Massey"  
Director

\_\_\_\_\_  
"James Hyland"  
Director

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

# ATOMIC MINERALS CORPORATION

## CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Years ended	
	August 31, 2023	August 31, 2022
<b>Expenses</b>		
Audit and accounting	\$ 29,366	\$ 26,232
Consulting (Note 9)	185,500	228,625
Depreciation	3,906	2,218
Legal	31,459	1,151
Loss (gain) on foreign exchange	77	(18,701)
Management and admin (Note 9)	216,000	209,500
Marketing and promotion	86,713	84,000
Office, rent and telephone	43,089	37,516
Property investigation (Note 8)	320,123	62,951
Regulatory, transfer and filing fees	27,507	38,904
Share-based compensation	14,041	31,525
Transfer agent	15,799	17,438
Travel	4,365	-
	<b>(977,945)</b>	<b>(721,359)</b>
<b>Other items:</b>		
Gain on debt settlement (Notes 8 and 9)	-	13,125
Write-off of aged accounts payable	-	45,954
Write-off of note receivable (Note 5)	(12,382)	-
Impairment on exploration assets (Note 6)	(531,993)	-
	<b>(1,522,320)</b>	<b>(662,280)</b>
<b>Net Loss and Comprehensive Loss for the Year</b>	<b>\$ (1,522,320)</b>	<b>\$ (662,280)</b>
<b>Loss Per Share, Basic and Diluted</b>	<b>\$ (0.13)</b>	<b>\$ (0.07)</b>
<b>Weighted Average Outstanding Shares</b>	<b>12,043,957</b>	<b>9,184,960</b>

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

# ATOMIC MINERALS CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

	Years ended	
	August 31, 2023	August 31, 2022
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss for the year	\$ (1,522,320)	\$ (662,280)
Items not involving cash		
Depreciation	3,906	2,218
Gain on debt settlement	-	(13,125)
Write-off of aged accounts payable	-	(45,954)
Write-off of note receivable	12,382	-
Interest expense accrued	9,937	776
Share-based compensation	14,041	31,525
Notes payable arrangement fee	12,000	-
Impairment on exploration assets	531,993	-
Shares issued for services	300,000	-
Net changes in non-cash working capital		
Prepaid expenses	80,562	(82,098)
GST recoverable	16,123	(25,060)
Accounts payable and accrued liabilities	134,190	(51,010)
<b>Net cash used in operating activities</b>	<b>(407,186)</b>	<b>(845,008)</b>
<b>Investing activities</b>		
Note receivable	-	9,239
Purchase of equipment	-	(19,011)
Reclamation bond	(78,309)	-
Exploration expenditures	(436,812)	(673,754)
<b>Net cash used in investing activities</b>	<b>(515,121)</b>	<b>(683,526)</b>
<b>Financing activities</b>		
Issuance of common shares (net of share issue costs)	-	1,834,296
Exercise of warrants	-	17,000
Proceeds from advance and notes payable	321,643	32,778
<b>Net cash provided by financing activities</b>	<b>321,643</b>	<b>1,884,074</b>
<b>(Decrease) Increase in Cash</b>	<b>(600,664)</b>	<b>355,540</b>
<b>Cash, Beginning of Year</b>	<b>604,822</b>	<b>249,282</b>
<b>Cash, End of Year</b>	<b>\$ 4,158</b>	<b>\$ 604,822</b>
<b>Supplemental cash flow information</b>		
Interest received	\$ -	\$ 2,205
<b>Non-cash investing and financing activities</b>		
Shares issued for exploration assets	\$ 180,000	\$ 5,500
Shares issued for services	\$ 300,000	\$ -
Shares issued for debt	\$ -	\$ 52,500
Issue of warrants for finders' fee	\$ -	\$ 122,218

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

## ATOMIC MINERALS CORPORATION

### CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars, except number of shares)

	SHARE CAPITAL		RESERVE			TOTAL SHAREHOLDERS' EQUITY
	NUMBER OF SHARES	AMOUNT	WARRANTS	OTHER	DEFICIT	
	#	\$	\$	\$	\$	
Balance, August 31, 2021	5,768,216	13,391,699	471,110	275,742	(13,949,109)	189,442
Shares issued for cash	5,170,200	1,938,824	-	-	-	1,938,824
Shares issuance costs - cash	-	(104,528)	-	-	-	(104,528)
Shares issuance costs - warrants	-	(122,218)	122,218	-	-	-
Shares issued for exploration assets	20,000	5,500	-	-	-	5,500
Shares issued for warrant exercises	34,000	17,000	-	-	-	17,000
Shares issued for debt	262,500	52,500	-	-	-	52,500
Share-based compensation	-	-	-	31,525	-	31,525
Net loss for the year	-	-	-	-	(662,280)	(662,280)
<b>Balance, August 31, 2022</b>	<b>11,254,916</b>	<b>15,178,777</b>	<b>593,328</b>	<b>307,267</b>	<b>(14,611,389)</b>	<b>1,467,983</b>
Shares issued for exploration assets	1,200,000	180,000	-	-	-	180,000
Shares issued for services	1,200,000	300,000	-	-	-	300,000
Share-based compensation	-	-	-	14,041	-	14,041
Net loss for the year	-	-	-	-	(1,522,320)	(1,522,320)
<b>Balance, August 31, 2023</b>	<b>13,654,916</b>	<b>15,658,777</b>	<b>593,328</b>	<b>321,308</b>	<b>(16,133,709)</b>	<b>439,704</b>

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

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

### 1. NATURE OF OPERATIONS AND GOING CONCERN

Atomic Minerals Corporation (the “Company”) was incorporated on March 31, 1980, under the laws of the province of British Columbia, Canada and its corporate office and principal place of business is located at 830 – 1100 Melville Street, Vancouver, BC, V6E 4A6. Its registered records office is located at 800-885 West Georgia Street, Vancouver, BC, V6C 3H1. Effective November 26, 2021, the Company changed its name from Resolve Ventures Inc. to Atomic Minerals Corporation. The Company is a public company listed on the TSX Venture Exchange, trading under the symbol “ATOM.V”.

On October 16, 2023, the Company consolidated its common shares on the basis of one post-consolidated common share for every five pre-consolidated common shares. The Company did not change its name or trading symbol. All share and per share information in the consolidated financial statements, including references to the number of common shares, warrants, prices of issued shares, exercise prices of warrants, and earnings (loss) per share, have been adjusted retrospectively to reflect the impact of the share consolidation.

The Company is engaged in the acquisition and exploration of mineral properties.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company’s continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. The ability of the Company to arrange additional financing in the future depends, in part, on the prevailing capital market conditions. As at August 31, 2023, the Company has a working capital deficiency of \$470,358 (2022 – working capital of \$672,698) and does not have sufficient liquidity to settle its liabilities as they become due. The Company incurred a net loss and comprehensive loss of \$1,522,320 for the year ended August 31, 2023 (2022 - \$662,280) and as of that date had a deficit of \$16,133,709 (2022 - \$14,611,389). There are material uncertainties that cast significant doubt upon the ability of the Company to continue as a going concern. The consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and settle its liabilities other than in the normal course of business and at amounts different from those in the consolidated financial statements. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and/or private placement of common shares. Refer to Note 13 for disclosure of events subsequent to the reporting period date.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

### 2. BASIS OF PRESENTATION

#### a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022 (Expressed in Canadian Dollars)

### 2. BASIS OF PRESENTATION (Continued)

#### b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### c) Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period.

Critical judgments exercised where management's judgment in applying accounting policies that has the most significant effect on the amounts recognized in these consolidated financial statements are as follows:

- i. *Going concern assumption* - The determination of the going concern assumption requires management to make judgments regarding the viability of the Company.
- ii. *Economic recoverability and probability of future benefits of exploration and evaluation assets* - The assessment of indications of impairment for the Company's exploration and evaluation assets and related determination of recoverable values and write-down of those assets where applicable.
- iii. *Determination of functional currency* - In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates", an entity's functional currency should reflect the underlying transactions, events and conditions relevant to the entity. Determination of the functional currency involves judgment to assess the primary economic environment in which the Company operates in. The Company has determined that the functional currency of Recoupment Exploration Company LLC is the Canadian dollar.
- iv. *Decommissioning liabilities* - Judgment is required to determine if there are legal or constructive obligations to incur restoration, rehabilitation, and environmental costs when there is an environmental disturbance caused by exploration, development, or ongoing production of an exploration and evaluation asset. When it is determined that an obligation exists, a provision is recognized. The provision for decommissioning liabilities depends on estimates of current risk-free interest rates, future restoration and reclamation expenditures, and the timing of those expenditures.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year could result in a material adjustment in the event that actual results differ from the assumptions made. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022 (Expressed in Canadian Dollars)

### 2. BASIS OF PRESENTATION (Continued)

#### d) Basis of Consolidation

These consolidated financial statements comprise the accounts of the Company and its wholly owned subsidiary, Recoupment Exploration Company LLC (“Recoupment”), incorporated in the state of New Mexico on February 18, 2022. All inter-company transactions and balances have been eliminated on consolidation.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the acquisition costs associated with exploration and evaluation activities. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Facts and circumstances as defined in IFRS 6 Exploration and Evaluation Assets are as follows:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, from successful development or by sale.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

Recoverability of the carrying amount of any exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

It is management’s judgment that none of the Company’s exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets. 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 may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company is not aware of any disputed claims of title.

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022 (Expressed in Canadian Dollars)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### b) Impairment of Non-Financial Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

As asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### c) Financial Instruments

The Company classifies its financial instruments as follows:

<b>Financial Asset/Liabilities</b>	
Cash	Fair value through profit or loss ("FVTPL")
Note receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Notes payable	Amortized cost
Advance payable	Amortized cost

#### Financial Assets

##### *Initial recognition and measurement*

Financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) 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.

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022 (Expressed in Canadian Dollars)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### c) Financial Instruments (Continued)

A financial asset is measured at fair value plus transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded (through profit or loss for amortized cost and FVTPL, and through OCI for FVOCI).

#### Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

#### Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and 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 statements 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. Trade and other payables are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the year that are unpaid.

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022 (Expressed in Canadian Dollars)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### c) Financial Instruments (Continued)

##### Fair Value Hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

#### d) Income Taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred income taxes are recognized in net income except to the extent that the amounts relate to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

#### e) Loss Per Common Share

Basic loss per common share is computed by dividing losses by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only instruments with exercise amounts less than market prices impact the diluted calculations. In computing diluted loss per share, no shares were added to the weighted average number of common shares outstanding during the years ended August 31, 2023 and 2022 for the dilutive effect of employee stock options and warrants as they were all anti-dilutive. No adjustments were required to report net loss in computing diluted per share amounts.

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022 (Expressed in Canadian Dollars)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### f) Share-based Compensation

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity.

The fair value is measured at grant date, and each tranche is recognized using the graded vesting method 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.

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

All equity-settled share-based compensation are reflected in reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserve is credited to share capital, adjusted for any consideration paid. Upon expiration, forfeiture or cancellation of the options, the fair value recorded in reserve remains.

#### g) Fair Value of Warrants

Proceeds from unit placements are allocated between shares and warrants using the residual method. The value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants. Warrants issued to brokers are evaluated using the Black-Scholes model.

Upon expiry of the warrants, the fair value recorded in reserve remains.

#### h) Foreign Currency Transactions

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

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022 (Expressed in Canadian Dollars)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### i) Decommissioning Liabilities

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. A pre-tax discount rate that reflects the time value of money and the risks specific to the liability is used to calculate the net present value of the expected future cash flows. These costs are charged to the statement of operations over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized in the statement of operations. The liability is assessed at each reporting date for changes to the current market-based discount rate, amount, or timing of the underlying cash flows needed to settle the obligation.

The Company has no material restoration, rehabilitation, or environmental costs as any disturbance to date is minimal.

#### j) New Accounting Pronouncements

The International Accounting Standards Board has issued amendments to IAS 1 'Presentation of Financial Statements' to improve disclosures about long-term debt with covenants. IAS 1 requires entities to classify debt as current if the entity is unable to avoid settling the debt within 12 months after the reporting date. However, the entity may need to comply with covenants during that same period, which may question whether the debt should be classified as non-current. The amendments set out in 'Non-current Liabilities with Covenants (Amendments to IAS 1)' state that at the reporting date, the entity doesn't need to consider covenants to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements. The amendments are applicable for annual reporting periods beginning on or after January 1, 2024.

The International Accounting Standards Board issued amendments to IAS 8 'Accounting Policies, Changes to Accounting Estimates and Errors', in which it introduces a new definition of 'accounting estimates'. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments are applicable for annual reporting periods beginning on or after January 1, 2023.

The International Accounting Standards Board has issued amendments to IAS 1 and IFRS Practice Statement 2 with regard to the disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022 (Expressed in Canadian Dollars)

### 4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Risk Management

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include currency, credit, interest rate and liquidity risks. Where material, these risks are reviewed and monitored by the Board of Directors.

#### Credit Risk

The Company's credit risk is primarily attributable to cash. Cash is held in a reputable Canadian bank which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal. The Company is not subject to material credit risk as at August 31, 2023.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk mainly arises from the interest rate impact on its cash. A change in interest rate would have a minimal effect on the profitability of the Company.

#### Liquidity Risk

As at August 31, 2023, the Company held cash of \$4,158 and has current liabilities of \$502,777, which fall due for payment within 12 months of the consolidated statement of financial position.

#### Foreign Currency Risk

The Company has operations in Canada and USA subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian dollars and US dollars, and the fluctuation of the Canadian dollar in relation to this other currency will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of equity.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

Financial assets and liabilities denominated in US dollars were as follows:

	<b>August 31, 2023</b>	August 31, 2022
<b>US dollars</b>		
Financial assets	\$ 767	\$ 149,387
Financial liabilities	(187,155)	(25,592)
Net	(186,388)	123,795
<b>Canadian dollar equivalent</b>	\$ (249,912)	\$ 162,307

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022 (Expressed in Canadian Dollars)

### 4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### Foreign Currency Risk (Continued)

Based on the above net exposures as at August 31, 2023, and assuming that all other variables remain constant, a 10% change in the value of the US dollar against the Canadian dollar would result in an increase/decrease of approximately \$24,991 (2022 - \$16,231) in net loss.

#### Commodity Risk

Commodity risk is the risk provided by uncertainties of future market values and of the size of the future financing, caused by the fluctuation in the prices of commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

### 5. NOTE RECEIVABLE

On October 23, 2020, the Company provided a note receivable of \$20,000 to a third party. The loan is unsecured, bears interest of 8% per annum and was due on April 23, 2021. As at August 31, 2022, the note receivable had a principal balance of \$10,966 and outstanding accrued interest of \$538. During the year ended August 31, 2023, the Company wrote-off the principal balance of \$10,966 and accrued interest of \$1,416 as the credit risk associated with the loan had increased significantly since initial recognition and the likelihood of recovery of all or a portion of the balance outstanding was not determinable.

### 6. EXPLORATION AND EVALUATION ASSETS

#### **Gravity Jack Property**

On March 24, 2021, the Company entered into an option agreement with an arm's length party (the "Optionors") to earn a 100% ownership interest in the Gravity property and the Jack White property (collectively the "Gravity Jack property") located in the New Westminster mining division, near Boston Bar, BC, Canada. Under the terms of the agreement, the Company may acquire a 100% ownership interest in the Gravity Jack property by issuing to the Optionors an aggregate of 820,000 common shares in the capital of the Company and incurring exploration expenditures as follows:

- Issue 320,000 shares upon TSX Venture Exchange approval of the option agreement (issued on June 29, 2021 with a fair value of \$128,000)
- Incur \$127,000 in exploration expenditures by January 31, 2022 (incurred)
- Incur an additional \$500,000 in exploration expenditures by March 24, 2023
- Issue 100,000 shares of the Company by March 24, 2023
- Incur an additional \$750,000 in exploration expenditures by March 24, 2024
- Issue 200,000 shares of the Company by March 24, 2024
- Incur an additional \$1,000,000 in exploration expenditures by March 24, 2025
- Issue 200,000 shares of the Company by March 24, 2025

Upon completion of the option, the Optionors will maintain a 4% net smelter royalty on the property of which 50% (2%) may be purchased for \$1,000,000.

During the year ended August 31, 2022, the Company recorded \$127,735 of exploration expenditures for the Gravity Jack project.

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

### 6. EXPLORATION AND EVALUATION ASSETS (Continued)

#### Gravity Jack Property (Continued)

On February 1, 2022, the Company and the Optionors amended the terms of the option agreement whereby the exploration expenditures to be incurred before August 21, 2021 (amended to January 31, 2022) have been reduced from \$200,000 to \$127,000. In consideration for the amendment, the Company issued 20,000 shares to the Optionors with a fair value of \$5,500.

The Company terminated the Gravity Jack option agreement in May 2023. As a result of the termination, the Company recorded an impairment of \$266,027 during the year ended August 31, 2023.

#### Lloyd Lake Property

On November 8, 2021, the Company entered into an option agreement with Kode Mineral Exploration Ltd. to earn a 100% ownership interest in the Lloyd Lake Uranium project located in the prolific Athabasca basin, near the village of La Loche, Saskatchewan, Canada.

Under the terms of the agreement, the Company may acquire a 100% ownership interest in the Lloyd Lake project by paying to the vendor \$10,000 (paid) within five days of signing, \$40,000 (paid) cash payment by December 24, 2021, \$50,000 cash payment (not paid) within one year of signing and a further \$50,000 cash payment (not paid) within two years of signing the agreement and completing \$200,000 in exploration expenditures on the Lloyd Lake project by November 8, 2023 (completed as at August 31, 2022).

Upon completing the above noted commitments, and at the Company's sole discretion, the Company will have earned a 100% interest in the Lloyd Lake project. The Company will pay a 1% net smelter royalty to the vendor upon commencement of commercial production. The Company will have the right to purchase from the vendor the 1% net smelter royalty, at any time, at a cost of \$1,000,000.

The Company terminated the Lloyd Lake option agreement in September 2023. As the Company does not have expenditures budgeted or planned as of August 31, 2023, the Company recorded an impairment of \$265,966.

#### Uranium Claims

During the year ended August 31, 2022, the Company acquired by staking the SC Claim Block ("Dolores Property"), consisting of 50 unpatented lode claims in San Miguel County, Colorado, USA. The Company incurred \$27,205 (USD \$20,750) in acquisition costs and \$10,817 (USD \$8,250) in claim maintenance fees during the year ended August 31, 2022. During the year ended August 31, 2023, the Company recorded \$12,202 (USD \$9,060) in claim maintenance fees.

#### Harts Point

During the year ended August 31, 2022, the Company acquired by staking the Harts Point, consisting of 324 unpatented lode claims in San Juan County, Utah, USA. The Company incurred \$170,902 (USD \$130,350) in acquisition costs, \$74,745 (USD \$57,009) in claim maintenance fees during the year ended August 31, 2022. During the year ended August 31, 2023, the Company recorded \$17,995 (USD \$13,360) in permitting fees, and \$6,465 (USD \$4,800) in claim maintenance fees.

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

### 6. EXPLORATION AND EVALUATION ASSETS (Continued)

#### Harts Point (Continued)

On May 19, 2023, the Company and Recoupment entered into a definitive option agreement with Kraken Energy Corp. ("Kraken"). Kraken may acquire up to 75% interest in the Harts Point Property by meeting the following requirements:

- Kraken will be the operator and must incur USD \$1,500,000 of eligible expenditures within 18 months from the date of the option agreement to earn 65% interest.
- Kraken has the option to increase interest in the Property from 65% to 75% by incurring an additional USD \$2,000,000 of eligible expenditures within 30 months from the date of the option agreement and issuing the Company 2,000,000 common shares of Kraken.
- Kraken will grant the Company a 2% net smelter royalty (subject to a buy down to 1% for USD \$5,000,000).
- After the initial option (Kraken 65%; the Company 35%) or the extended option (Kraken 75%; the Company 25%), a definitive Joint Venture Agreement will be formed.

Kraken advanced \$78,309 (USD \$58,140) to the Company for the reclamation bond. The amount is recorded in advance payable and bears no interest. The advance is repayable to Kraken when the Company receives a refund on the reclamation bond from the government.

#### MVN Claim Blocks ("10 Mile")

During the year ended August 31, 2023, the Company acquired by staking the MVN Claim Blocks, collectively known as the 10 Mile Property, consisting of 521 unpatented lode claims in Grand County, Utah, USA. The Company incurred \$280,748 (USD \$208,440) in acquisition costs and \$115,786 (USD \$85,965) in claim maintenance fees.

#### Hamilton Lake Uranium Project

On January 30, 2023, the Company entered into an option agreement to earn a 100% ownership interest in the Hamilton Lake Uranium Project located in Athabasca basin, Saskatchewan, Canada. Under the terms of the agreement, the Company acquired a 100% ownership by issuing 600,000 common shares in the capital of the Company. The shares were issued on February 7, 2023, with a fair value of \$90,000 (Note 8). There are no royalties associated with the Hamilton Lake Project.

#### Mitchell Lake Uranium Project

On January 30, 2023, the Company entered into an option agreement to earn a 100% ownership interest in the Mitchell Lake Uranium Project located in Athabasca basin, Saskatchewan, Canada. Under the terms of the agreement, the Company acquired a 100% ownership by issuing 600,000 common shares in the capital of the Company. The shares were issued on February 7, 2023, with a fair value of \$90,000 (Note 8). There are no royalties associated with the Mitchell Lake Project.

**ATOMIC MINERALS CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

(Expressed in Canadian Dollars)

**6. EXPLORATION AND EVALUATION ASSETS (Continued)**

A summary of the Company's Exploration and Evaluation Assets is as follows:

	Canada				USA				Total
	Gravity Jack	Lloyd Lake	Mitchell	Hamilton	Harts Point	Dolores	10 Mile		
<b>Balance, August 31, 2021</b>	\$ 132,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,792	
Property acquisition costs	5,500	50,000	-	-	170,902	27,205	-	253,607	
Exploration costs:									
Claim maintenance	-	-	-	-	74,745	10,817	-	85,562	
Geological	19,612	10,180	-	-	-	-	-	29,792	
Surveys	108,123	202,170	-	-	-	-	-	310,293	
<b>Balance, August 31, 2022</b>	<b>266,027</b>	<b>262,350</b>	-	-	<b>245,647</b>	<b>38,022</b>	-	<b>812,046</b>	
Property acquisition costs	-	-	90,000	90,000	-	-	280,748	460,748	
Exploration costs:									
Claim maintenance	-	-	-	-	6,465	12,202	115,786	134,453	
Permitting	-	3,616	-	-	17,995	-	-	21,611	
Impairment	(266,027)	(265,966)	-	-	-	-	-	(531,993)	
<b>Balance, August 31, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 90,000</b>	<b>\$ 90,000</b>	<b>\$ 270,107</b>	<b>\$ 50,224</b>	<b>\$ 396,534</b>	<b>\$ 896,865</b>	

## ATOMIC MINERALS CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

#### 7. NOTES PAYABLE

On May 16, 2022, the Company entered into a promissory note payable with a third party for a principal amount of \$32,778 (USD \$25,000). The note payable is subject to interest of 8% per annum and is due on May 16, 2024.

	Principal		Interest		Total
Balance August 31, 2021	\$ -	\$ -	\$ -	\$ -	-
Proceeds received	32,778		-		32,778
Interest accrued	-		776		776
Balance August 31, 2022	32,778		776		33,554
Addition	123,644		-		123,644
Interest accrued	-		9,615		9,615
<b>Balance August 31, 2023</b>	<b>\$ 156,422</b>	<b>\$</b>	<b>10,391</b>	<b>\$</b>	<b>166,813</b>

On August 4, 2023, the Company entered into a promissory note payable with a third party for a principal amount of \$25,000. The note payable is subject to interest of 1% per month, an arrangement fee of \$2,500 and is due on February 4, 2024.

	Principal		Interest		Total
Balance August 31, 2022	\$ -	\$ -	\$ -	\$ -	-
Proceeds received	25,000		-		25,000
Arrangement fee accrued	-		2,500		2,500
Interest accrued	-		250		250
<b>Balance August 31, 2023</b>	<b>\$ 25,000</b>	<b>\$</b>	<b>2,750</b>	<b>\$</b>	<b>27,750</b>

On August 4, 2023, the Company entered into a promissory note payable with a third party for a principal amount of \$95,000. The note payable is subject to interest of 1% per month, an arrangement fee of \$9,500 and is due on February 4, 2024.

	Principal		Interest		Total
Balance August 31, 2022	\$ -	\$ -	\$ -	\$ -	-
Proceeds received	95,000		-		95,000
Arrangement fee accrued	-		9,500		9,500
Interest accrued	-		950		950
<b>Balance August 31, 2023</b>	<b>\$ 95,000</b>	<b>\$</b>	<b>10,450</b>	<b>\$</b>	<b>105,450</b>

#### 8. SHARE CAPITAL

On October 16, 2023, the Company consolidated its issued and outstanding share capital on the basis of one post consolidated common share for every five pre-consolidated common shares. No fractional shares were issued, as all fractional shares were rounded to the nearest whole number. All share and per share amounts in these consolidated financial statements are presented on a post-consolidated basis.

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022 (Expressed in Canadian Dollars)

### 8. SHARE CAPITAL (Continued)

#### a) Authorized

Unlimited common shares without par value.

#### b) Issued

##### *During the year ended August 31, 2023*

On February 7, 2023, the Company issued 1,200,000 common shares with a fair value of \$180,000 in connection with the Mitchell Lake and Hamilton Lake option agreements (Note 6).

On July 27, 2023, the Company issued 1,200,000 common shares with a fair value of \$300,000 for property investigation.

##### *During the year ended August 31, 2022*

On May 12, 2022, the Company issued 20,000 common shares with a fair value of \$5,500 in connection with the Gravity Jack amendment agreement (see Note 6).

On December 30, 2021, the Company closed the first tranche of a private placement and issued 2,703,533 units at \$0.375 per unit for gross proceeds of \$1,013,825. Each unit is composed of one common share and one share purchase warrant exercisable at \$0.50 per common share for two years from closing. Cash finder's fees totaling \$72,713 were paid, and 193,903 brokers warrants were issued to finders, which have the same terms as the warrants issued to subscribers of the private placement. The estimated fair value of the brokers warrants was \$87,679 calculated using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 0.99%, expected life of 2 years, no annual dividends, expected volatility of 143%, and a forfeiture rate of 0%.

On January 14, 2022, the Company closed the second and final tranche of a private placement and issued 2,466,667 units at \$0.375 per unit for gross proceeds of \$925,000. Each unit comprises one common share and one warrant exercisable at \$0.50 per common share for two years from closing. Cash finder's fees totaling \$31,815 were paid and 78,173 brokers warrants were issued to finders which have the same terms as the warrants issued to subscribers of the private placement. The estimated fair value of the brokers warrants was \$34,539 calculated using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.16%, expected life of 2 years, no annual dividends, expected volatility of 137%, and a forfeiture rate of 0%.

A total of 34,000 warrants were exercised at \$0.50 per warrant share for proceeds of \$17,000.

On July 15, 2022, the Company issued an aggregate of 262,500 common shares with a fair value of \$52,500 to an arm's-length third party and two officers of the Company, to settle an aggregate indebtedness of \$65,625. Pursuant to the transaction, the Company recognized a gain on debt settlement of \$13,125.

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022 (Expressed in Canadian Dollars)

### 8. SHARE CAPITAL (Continued)

#### c) Incentive Stock Options

The Company has a rolling stock option plan whereby a maximum of 10% of the issued shares will be reserved for issuance under the plan.

When the Company issues stock options, it records a share-based compensation expense in the year or period which the options are granted and/or vested. The expense is estimated using assumptions including the expected volatility assumption that is based on the historical and implied volatility of the Company's common share price and the risk-free interest rate assumption that is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the stock options. The Company used historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common shares. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the share-based compensation expense recorded in the accompanying statements of comprehensive loss.

On January 3, 2023, the Company granted an aggregate of 100,000 share purchase options to a consultant at an exercise price of \$0.25 per share, vest immediately and have a term of five years. The estimated fair value of the stock options was \$10,225 calculated using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 3.31%, expected life of 5 years, no annual dividends, expected volatility of 132%, and a forfeiture rate of 0%.

On September 20, 2022, the Company granted an aggregate of 20,000 share purchase options to a consultant at an exercise price of \$0.50 per share, vest immediately and have a term of five years. The estimated fair value of the stock options was \$3,816 calculated using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 3.31%, expected life of 5 years, no annual dividends, expected volatility of 142%, and a forfeiture rate of 0%.

On December 31, 2021, the Company granted an aggregate of 60,000 share purchase options to consultants, at an exercise price of \$0.60 per share with a term of five years. The estimated fair value of the stock options was \$31,525 calculated using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.26%, expected life of 5 years, no annual dividends, expected volatility of 136%, and a forfeiture rate of 0%.

A continuity schedule of stock options is as follows:

	Number of options	Weighted average exercise price (\$)
Options outstanding, August 31, 2021	440,000	0.50
Issued	60,000	0.60
Options outstanding, August 31, 2022	500,000	0.51
Issued	120,000	0.29
<b>Options outstanding, August 31, 2023</b>	<b>620,000</b>	<b>0.47</b>

## ATOMIC MINERALS CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

#### 8. SHARE CAPITAL (Continued)

##### c) Incentive Stock Options (Continued)

Details of outstanding and exercisable stock options at August 31, 2023 are as follows:

Exercise price (\$)	Number	Expiry date
0.50	440,000	Feb 11, 2026
0.60	60,000	Dec 31, 2026
0.50	20,000	Sep 20, 2027
0.25	100,000	Jan 03, 2028
	<b>620,000</b>	

As at August 31, 2023, the weighted average remaining contractual life of the stock options was 2.89 years (2022 – 3.56 years) and the weighted average exercise price was \$0.47 (2022 - \$0.51).

##### d) Share Purchase Warrants

A continuity schedule of warrants are as follows:

	Number of warrants	Weighted average exercise price (\$)
Warrants outstanding, August 31, 2021	2,719,010	0.45
Issued	5,442,276	0.50
Exercised	(34,000)	0.50
Warrants outstanding, August 31, 2022	8,127,286	0.49
Expired	(887,693)	0.50
<b>Warrants outstanding, August 31, 2023</b>	<b>7,239,593</b>	<b>0.49</b>

Details of warrants outstanding and exercisable as at August 31, 2023 are as follows:

Exercise price (\$)	Number	Expiry date
0.45	723,317	* Dec 14, 2023
0.50	533,333	Mar 22, 2024
0.45	486,667	Oct 24, 2024
0.45	54,000	Nov 13, 2024
0.50	2,897,436	Dec 31, 2023
0.50	2,544,840	Jan 14, 2024
	<b>7,239,593</b>	

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022 (Expressed in Canadian Dollars)

### 8. SHARE CAPITAL (Continued)

#### d) Share Purchase Warrants (Continued)

As at August 31, 2023, the weighted average remaining contractual life of the share purchase warrants was 0.42 years (2022 – 1.32 years) and the weighted average exercise price was \$0.50 (2022 - \$0.50).

\* Subsequent to August 31, 2023, 723,317 share purchase warrants expired unexercised.

### 9. RELATED PARTY TRANSACTIONS

Transactions are in the normal course of operations and are measured at fair value. All amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

Transactions with Key Management Personnel:

	Years ended August 31,	
	2023	2022
Management and consulting fees	\$ 210,500	\$ 188,500

As at August 31, 2023, \$37,429 (2022 - \$3,438) of fees and expenses due to related parties is included in accounts payable and accrued liabilities.

On July 15, 2022, the Company issued 157,500 common shares with a fair value of \$31,500 to two officers of the Company, to settle an aggregate indebtedness of \$39,375. Pursuant to the transaction, the Company recognized a gain on debt settlement of \$7,875.

Key management personnel include the President, CEO, CFO, and directors. Fees for consulting or management services are directly related to their positions in the organization and are paid or accrued directly to them or companies controlled by them.

### 10. CAPITAL MANAGEMENT

The Company manages capital with the goal to safeguard the Company's ability to continue as a going concern and ensure its ability to further explore and develop its mineral property holdings in Canada and the USA. The Company includes cash and the components of shareholders' equity in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties.

To ensure continued operations, the Company depends on external financing to fund its activities. The Company manages its capital requirements through the preparation of annual expenditure budgets, which are updated regularly to take into account factors such as successful financings to fund activities, changes in property holdings and related obligations, and exploration activities.

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

### 10. CAPITAL MANAGEMENT (Continued)

In the past, the Company has been successful in raising funds through the issuance of share capital. It is uncertain, however, how successful the Company will be in raising more funds in the current difficult market conditions.

There have been no changes to the Company's approach to capital management during the year ended August 31, 2023.

### 11. INCOME TAX

A reconciliation of income taxes at statutory rates to the Company's effective income tax expense is as follows:

	<b>2023</b>	<b>2022</b>
Statutory tax rate	<b>27%</b>	27%
Expected income tax recovery	\$ (411,000)	\$ (179,000)
Non-deductible items	4,000	9,000
Share issue cost	-	(28,000)
Change in estimate	-	(86,000)
Change in unrecognized deferred tax assets	<b>407,000</b>	284,000
	<b>\$ -</b>	<b>\$ -</b>

The Company's unrecognized deductible temporary difference and unused tax losses consist of the following amounts:

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	Expiry	Amount	Expiry
Resource deductions	\$ 4,793,000	No expiry	\$ 4,261,000	No expiry
Non-capital loss carry forwards	6,094,000	2026-2043	5,092,000	2026-2042
Net capital loss carry forwards	495,000	No expiry	495,000	No expiry
Share issue cost	71,000	2024-2026	101,000	2023-2026
Equipment	19,000	No expiry	15,000	No expiry
	<b>\$ 11,472,000</b>		<b>\$ 9,964,000</b>	

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

### 11. INCOME TAX (Continued)

The Company has non-capital losses available to offset future income for tax purposes of approximately \$6,094,000 (2022 - \$5,091,000). These losses expire as follows:

2026	\$245,000
2027	\$342,000
2028	\$339,000
2029	\$322,000
2030	\$262,000
2031	\$253,000
2032	\$250,000
2033	\$291,000
2034	\$261,000
2035	\$236,000
2036	\$270,000
2037	\$251,000
2038	\$269,000
2039	\$357,000
2040	\$345,000
2041	\$141,000
2042	\$658,000
2043	\$1,002,000

### 12. SEGMENTED INFORMATION

The Company has one operating segment, which is mineral exploration. All mineral properties are located in Canada and the USA. Long-term assets by geographic segment, at cost, are as follows:

	CANADA	USA	TOTAL
<b>August 31, 2023</b>			
<b>Equipment</b>	\$ -	\$ 12,887	\$ 12,887
<b>Reclamation bond</b>	\$ -	\$ 78,309	\$ 78,309
<b>Exploration and evaluation assets</b>	\$ 180,000	\$ 716,865	\$ 896,865
August 31, 2022			
Equipment	\$ -	\$ 16,793	\$ 16,793
Exploration and evaluation assets	\$ 528,377	\$ 283,669	\$ 812,046

# ATOMIC MINERALS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

### 13. SUBSEQUENT EVENTS

On October 16, 2023, the Company consolidated its common shares on the basis of one post-consolidated common share for every five pre-consolidated common shares. The Company did not change its name or trading symbol. All share and per share information in the consolidated financial statements, including references to the number of common shares, warrants, prices of issued shares, exercise prices of warrants, and earnings (loss) per share, have been adjusted to reflect the impact of the share consolidation.

On November 23, 2023, the Company issued an aggregate of 579,710 common shares to an arm's-length third party of the Company, to settle an aggregate indebtedness of \$50,000.

On December 6, 2023, the Company closed the first tranche of a private placement and issued 9,325,450 units at \$0.075 per unit for gross proceeds of \$699,409. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.10 per common share for a period of three years, expiring on December 6, 2026. The Company paid an 8% Finder's Fees consisting of cash totaling \$30,614 and 408,192 non-transferable finder's warrants. The finder's warrants entitle the holders to purchase one common share of the Company at an exercise price of \$0.10 per common share for a period of two years, expiring on December 6, 2025.

On December 22, 2023, the Company granted an aggregate of 1,700,000 share purchase options to directors, officers, and consultants at an exercise price of \$0.09 per share, vest immediately and have a term of five years.