

ATOMIC MINERALS CORPORATION



ATOMIC MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED MAY 31, 2023 AND 2022

(Expressed in Canadian Dollars - unaudited)

ATOMIC MINERALS CORPORATION

Notice of No Auditor Review of Interim Financial Statements

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company for the nine months ended May 31, 2023, have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review in interim financial statements by entity's auditor.

ATOMIC MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars - unaudited)

STATEMENTS OF COMPREHENSIVE LOSS

	Three months ended		Nine months ended	
	May	May	May	May
	2023	2022	2023	2022
Expenses				
Audit and accounting	\$ 6,000	\$ 7,000	\$ 23,366	\$ 16,232
Consulting (Note 10)	11,500	53,000	141,500	168,625
Depreciation	984	-	2,940	-
Legal	129	310	7,850	752
Management and admin (Note 10)	54,000	58,000	162,000	155,500
Marketing and promotion	12,000	52,500	61,000	52,500
Office, rent and telephone	8,307	5,846	22,109	17,576
Property investigation	42	-	20,193	-
Regulatory, transfer and filing fees	11,479	3,176	21,711	34,891
Stock based compensation	-	-	14,009	31,525
Loss on foreign exchange	(854)	-	(3,798)	-
Transfer agent	293	1,285	5,555	5,778
	(103,880)	(181,117)	(478,435)	(483,379)
Other item:				
Mineral property impairment	(266,027)	-	(266,027)	-
Net Loss and Comprehensive Loss for the Period	\$ (369,907)	(181,117)	\$ (744,462)	\$ (483,379)
Loss Per Share, Basic and Diluted	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted Average Outstanding Shares	62,274,598	54,882,750	58,758,114	42,653,304

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

ATOMIC MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars - unaudited)

	Nine months ended	
	May 31, 2023	May 31, 2022
Cash provided by (used in):		
Operating activities		
Net loss for the period	\$ (744,462)	\$ (483,379)
Items not involving cash		
Depreciation	2,940	-
Interest expense accrued	5,918	-
Mineral property impairment	266,027	
Share based compensation	14,009	31,525
Prepaid expenses	79,142	(154,917)
GST recoverable	21,848	(35,056)
Accounts payable and accrued liabilities	(223,760)	(66,390)
Net cash used in operating activities	(578,338)	(708,217)
Investing activities		
Note receivable	-	9,460
Purchase of equipment	-	-
Exploration expenditures	(117,635)	(379,905)
Net cash used in investing activities	(117,635)	(370,445)
Financing activities		
Issuance of common shares (net share issue cost)	-	1,851,296
Proceeds from promissory note payable	196,788	-
Net cash provided by financing activities	196,788	1,851,296
Decrease in cash	(499,185)	772,634
Cash, Beginning of Period	604,822	249,282
Cash, End of Period	\$ 105,637	\$ 1,021,916
Non-cash investing and financing activities		
Shares issued for debt	\$ -	\$ -
Issue of warrants for finders' fee	\$ -	\$ -
Issue of shares for exploration and evaluation assets	\$ 180,000	\$ 5,500

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

ATOMIC MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars, except number of shares - unaudited)

	SHARE CAPITAL		RESERVE			TOTAL SHAREHOLDERS (DEFICIENCY) EQUITY
	NUMBER OF SHARES	AMOUNT	WARRANTS	OTHER	DEFICIT	
	#	\$	\$	\$	\$	\$
Balance, August 31, 2021	28,841,101	13,391,699	471,110	275,742	(13,949,109)	189,442
Shares issued for cash net of cost	25,850,997	1,712,078	122,218	-	-	1,834,296
Shares issued for exploration asset	100,000	5,500	-	-	-	5,500
Shares issued for warrant exercises	170,000	17,000	-	-	-	17,000
Share-based compensation	-	-	-	31,525	-	31,525
Net loss for the period	-	-	-	-	(483,379)	(483,379)
Balance, May 31, 2022	54,962,098	15,126,277	593,328	307,267	(14,432,488)	1,594,384
Balance, August 31, 2022	56,274,598	15,178,777	593,328	307,267	(14,611,389)	1,467,983
Shares issued for exploration asset	6,000,000	180,000	-	-	-	180,000
Share-based compensation	-	-	-	14,009	-	14,009
Net loss for the period	-	-	-	-	(744,462)	(744,462)
Balance, May 31, 2023	62,274,598	15,358,777	593,328	321,276	(15,355,851)	917,530

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

ATOMIC MINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022

(Expressed in Canadian Dollars - unaudited)

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 900-885 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”.

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

These condensed consolidated interim 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. The Company incurred a net loss and comprehensive loss of \$744,462 for the nine months ended May 31, 2023 (2022 - \$483,435) and as of that date had a deficit of \$15,355,851 (August 31, 2022 - \$14,611,389). There is material uncertainty that may cast significant doubt upon the ability of the Company to continue as a going concern. Accordingly, the condensed consolidated interim 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 liquidate its liabilities, contingent obligations and commitments 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.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of condensed interim financial statements, including International Accounting Standard (“IAS”), Interim Financial Reporting (“IAS 34”).

The policies applied in these unaudited condensed interim financial statements are based on IFRS’ issued and outstanding policies as of the date the Board of Directors approved the statements. These condensed interim financial statements follow the same accounting policies and methods of computation as the most recent annual financial statements as at and for the year ended August 31, 2022, except for new accounting standards adopted as disclosed in Note 3. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending August 31, 2022 could result in restatement of these unaudited condensed interim financial statements.

b) Basis of Measurement

These condensed consolidated interim 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.

ATOMIC MINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022 (Expressed in Canadian Dollars - unaudited)

2. BASIS OF PRESENTATION (Continued)

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 cash-generating units* - In performing impairment assessments of corporate assets, assets that cannot be assessed individually are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Management is required to exercise judgment in identifying these cash-generating units.
- iv. *Tax provisions and deferred income tax balances* - Management is required to assess the recoverability of deferred income tax assets, which arise from the differences between the carrying amount of assets and liabilities and their tax bases in accordance with IAS 12 Income Taxes, to the extent that it is probable future taxable profits will be available against which the temporary differences can be utilized.

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

Valuation of share-based payments - The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity settled benefits.

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 period.

ATOMIC MINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022 (Expressed in Canadian Dollars - unaudited)

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

The significant accounting policies that have been used in the preparation of these unaudited condensed consolidated interim financial statements are summarized in the Company’s annual audited financial statements for the year ended August 31, 2022.

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 and note receivable. 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 evaluates the creditworthiness of the counterparty, the value of any collateral, and the fair value of the credit loss of the note receivable. The Company is not subject to material credit risk as at May 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 May 31, 2023, the Company held cash of \$105,637, current liabilities of \$110,841, and note payable of \$236,917 which fall due for payment within 12 months of the 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.

ATOMIC MINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022 (Expressed in Canadian Dollars - unaudited)

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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:

US dollars	May 31, 2023	August 31, 2022
Financial assets	\$ 3,233	\$ 149,387
Financial liabilities	(176,431)	(25,592)
Net	(173,198)	123,795
Canadian dollar equivalent	\$ (232,519)	\$ 162,307

Based on the above net exposures as at May 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 \$23,252 (August 31, 2022 - \$16,231) in net loss.

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 May 31, 2023, the note receivable has a principal balance of \$10,966 (August 31, 2022 - \$10,966) and outstanding accrued interest of \$1,194 (August 31, 2022 - \$538).

6. EQUIPMENT

	Truck
Cost	
Balance as at August 31, 2021	\$ -
Addition	19,011
Balance as at August 31, 2022 and May 31, 2023	\$ 19,011
Accumulated depreciation	
Balance as at August 31, 2021	\$ -
Depreciation for the year	2,218
Balance as at August 31, 2022	\$ 2,218
Depreciation for the period	2,940
Balance as at May 31, 2023	\$ 5,158
Net book value as at May 31, 2023	\$ 13,853
Net book value as at August 31, 2022	\$ 16,793

ATOMIC MINERALS CORPORATION

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022**

(Expressed in Canadian Dollars - unaudited)

7. EXPLORATION AND EVALUATION ASSETS

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

	Canada				USA			Total
	Gravity Jack	Lloyd Lake	Mitchell	Hamilton	Hart Point	SC	10 Mile	
Balance, August 31, 2021	\$ 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
Balance, August 31, 2022	266,027	262,350	-	-	245,647	38,022	-	812,046
Property acquisition costs	-	-	90,000	90,000	-	-	281,728	461,728
Exploration costs:								
Claim maintenance	-	-	-	-	6,488	1,094	-	7,582
Permitting	-	3,616	-	-	12,154	-	-	15,770
Reclamation bond	-	-	-	-	78,582	-	-	78,582
Mineral property impairment	(266,027)	-	-	-	-	-	-	(266,027)
Balance, May 31, 2023	\$ -	\$ 265,966	\$ 90,000	\$ 90,000	\$ 342,871	\$ 39,116	\$ 281,728	\$ 1,109,681

ATOMIC MINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022 (Expressed in Canadian Dollars - unaudited)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

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 4,100,000 common shares in the capital of the Company and incurring exploration expenditures as follows:

- Issue 1,600,000 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 500,000 shares of the Company by March 24, 2023
- Incur an additional \$750,000 in exploration expenditures by March 24, 2024
- Issue 1,000,000 shares of the Company by March 24, 2024
- Incur an additional \$1,000,000 in exploration expenditures by March 24, 2025
- Issue 1,000,000 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.

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 100,000 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 period ended May 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 within one year of signing and a further \$50,000 cash payment 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.

ATOMIC MINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022

(Expressed in Canadian Dollars - unaudited)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

Uranium Claims

During the year ended August 31, 2022, the Company acquired by staking the SC Claim Group ("SC"), 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 nine months ended May 31, 2023, the Company recorded \$1,094 (USD \$810) 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, \$70,941 (USD \$54,108) in claim maintenance fees and \$3,804 (USD \$2,901) in other evaluation and exploration assets during the year ended August 31, 2022. During the nine months ended May 31, 2023, the Company recorded \$12,154 (USD \$8,993) in permitting fees, \$6,488 (USD \$4,800) in claim maintenance fees and \$78,582 (USD \$58,140) for a reclamation bond.

On May 19, 2023, the Company and recouper 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 the Company \$77,999 (USD \$58,140) for the reclamation bond. The advance is recorded in notes payable and bears no interest.

NVM Claim Blocks ("10 Mile")

During the nine months ended May 31, 2023, the Company acquired by staking the NVM Claim Blocks, collectively known as the 10 Mile Property, consisting of 521 unpatented lode claims in Grand County, Utah, USA. The Company incurred \$281,728 (USD \$208,440) in acquisition costs.

Hamilton Lake Uranium Project

On February 1, 2023, the Company entered into an option agreement to earn 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 3,000,000 common shares in the capital of the Company. The shares were issued on February 7, 2023, with a fair value of \$90,000 (Note 9). There are no royalties associated with the Hamilton Lake Project.

ATOMIC MINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022

(Expressed in Canadian Dollars - unaudited)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

Mitchell Lake Uranium Project

On February 1, 2023, the Company entered into an option agreement to earn 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 3,000,000 common shares in the capital of the Company. The shares were issued on February 7, 2023, with a fair value of \$90,000 (Note 9). There are no royalties associated with the Mitchell Lake Project.

8. NOTE 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. During the nine months ended May 31, 2023, the note payable increased by an aggregate amount of \$118,718 (USD \$87,835). As at May 31, 2023, the principal balance of the note is \$151,496 (August 31, 2022 - \$32,778). During the year ended August 31, 2022, the Company accrued \$776 (USD \$592) of interest. During the nine months ended May 31, 2023, the Company accrued \$6,574 (USD \$4,864) of interest (2022 - \$Nil).

9. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

b) Issued

During the nine months ended May 31, 2023

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

During the year ended August 31, 2022

On May 12, 2022, the Company issued 100,000 common shares (with a fair value of \$5,500) in connection with the Gravity Jack amendment agreement (see Note 7).

On December 30, 2021, the Company closed the first tranche of a private placement and issued 13,517,665 units at \$0.075 per unit for gross proceeds of \$1,013,825. Each unit is composed of one common share and one share purchase warrant exercisable at \$0.10 per common share for two years from closing. Cash finder's fees totaling \$72,713 were paid, and 969,513 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%.

ATOMIC MINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022 (Expressed in Canadian Dollars - unaudited)

9. SHARE CAPITAL (Continued)

b) Issued (continued)

On January 14, 2022, the Company closed the second and final tranche of a private placement and issued 12,333,332 units at \$0.075 per unit for gross proceeds of \$925,000. Each unit comprises one common share and one warrant exercisable at \$0.10 per common share for two years from closing. Cash finder's fees totaling \$31,815 were paid and 390,867 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 170,000 warrants were exercised at \$0.10 per warrant share for proceeds of \$17,000.

On July 15, 2022, the Company issued an aggregate of 1,312,500 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.

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 500,000 share purchase options to a consultant, at an exercise price of \$0.05 per share with 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 100,000 share purchase options to a consultant, at an exercise price of \$0.10 per share with a term of five years. The estimated fair value of the stock options was \$3,784 calculated using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.33%, 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 300,000 share purchase options to consultants, at an exercise price of \$0.12 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%.

ATOMIC MINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022

(Expressed in Canadian Dollars - unaudited)

9. SHARE CAPITAL (Continued)

b) Issued (continued)

During the year ended August 31, 2022 (continued)

On February 11, 2021, the Company granted an aggregate of 2,200,000 share purchase options to directors, officers, and consultants, at an exercise price of \$0.10 per share with a term of five years. The estimated fair value of the stock options was \$235,000 calculated using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 0.489%, expected life of 5 years, no annual dividends, expected volatility of 138%, and a forfeiture rate of 0%.

c) Incentive Stock Options

A continuity schedule of stock options is as follows:

	Number of options	Weighted average exercise price (\$)
Options outstanding, August 31, 2020	2,200,000	0.10
Issued	300,000	0.12
Options outstanding, August 31, 2022	2,500,000	0.10
Issued	600,000	0.11
Options outstanding, May 31, 2023	3,100,000	0.09

Details of outstanding stock options at May 31, 2023 are as follows:

Exercise price (\$)	Options outstanding	Expiry Date
0.10	2,200,000	Feb 11, 2026
0.12	300,000	Dec 31, 2026
0.10	100,000	Sep 20, 2027
0.05	500,000	Feb 03, 2028
	3,100,000	

As at May 31, 2023, the weighted average remaining contractual life of the stock options was 3.15 years (August 31, 2022 – 3.56 years) and the weighted average exercise price was \$0.09 (August 31, 2022 - \$0.10).

ATOMIC MINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022

(Expressed in Canadian Dollars - unaudited)

9. SHARE CAPITAL (Continued)

d) Share Purchase Warrants

A continuity schedule of warrants are as follows:

	Number of warrants	Weighted average exercise price (\$)
Warrants outstanding, August 31, 2021	13,595,049	0.09
Issued	27,211,377	0.10
Exercised	(170,000)	0.10
Warrants outstanding, August 31, 2022	40,636,426	0.10
Expired	(4,438,467)	0.95
Warrants outstanding, May 31, 2023	36,197,959	0.10

Details of warrants as at May 31, 2023 are as follows:

Exercise price (\$)	Warrants outstanding	Expiry Date
0.09	3,616,585	Dec 14, 2023
0.10	2,666,664	Mar 22, 2024
0.09	2,433,333	Oct 24, 2024
0.09	270,000	Nov 13, 2024
0.10	14,487,178	Dec 31, 2023
0.10	12,724,199	Jan 14, 2024
	36,197,959	

As at May 31, 2023, the weighted average remaining contractual life of the share purchase warrants was 0.67 years (August 31, 2022 – 1.32 years) and the weighted average exercise price was \$0.10 (August 31, 2022 - \$0.10).

10. 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:

	Nine months ended May 31,	
	2023	2022
Management and consulting fees	\$ 185,500	\$ 136,000

ATOMIC MINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022 (Expressed in Canadian Dollars - unaudited)

10. RELATED PARTY TRANSACTIONS (Continued)

As at May 31, 2023, \$7,113 (August 31, 2022 - \$3,438) of fees and expenses was due to related parties included in accounts payable and accrued liabilities.

On July 15, 2022, the Company issued 787,500 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.

Payments and accruals to key management personnel including the President, CEO, CFO, directors and companies directly controlled by current and former key management personnel are for consulting fees or management fees and are directly related to their position in the organization.

11. 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.

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 nine months ended May 31, 2023.

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:

	<u>CANADA</u>	<u>USA</u>	<u>TOTAL</u>
May 31, 2023			
Exploration and evaluation assets	\$ 445,966	\$ 663,715	\$ 1,109,681
August 31, 2022			
Exploration and evaluation assets	\$ 528,377	\$ 283,669	\$ 812,046

ATOMIC MINERALS CORPORATION

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022

(Expressed in Canadian Dollars - unaudited)

13. SUBSEQUENT EVENT

On July 14, 2023, the Company entered into a debt settlement agreement to settle a total indebtedness of CAD \$300,000 with an arm's length party. The Company received TSX Venture Exchange approval and on July 27, 2023, allotted and issued an aggregate of 6,000,000 common shares in the capital of the Company at a deemed price of \$0.05 per share.