UMDONI EXPLORATION INC.

CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended October 31, 2023, and 2022

(Expressed in Canadian Dollars)

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Adam Kim
ADAM SUNG KIM LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Umdoni Exploration Inc.

Opinion
I have audited the consolidated financial statements of Umdoni Exploration Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2023 and October 31, 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity(deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2023, and October 31, 2022, and its consolidated financial performance and its cash flow for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

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

Material Uncertainty Related to Going Concern
I draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $99,903 during the year ended October 31, 2023, and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $682,313 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Key Audit Matter
Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements for the year ended October 31, 2023. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section of the auditor's report, I have determined the matters described below to be the key audit matters to be communicated in my auditors' report.

Evaluation of indicators of impairment for exploration and evaluation assets

<u>Description of the matter</u>

I draw attention to Notes 4 to the financial statements. The Company has exploration and evaluation assets of $174,331 as at October 31, 2023. The carrying amounts of the Company's exploration and evaluation assets are reviewed each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Significant judgment is required in assessing indicators of impairment. The Company completes an evaluation at each reporting period of potential impairment indicators.

Why the matter is a key audit matter.

I identified the evaluation of indicators of impairment for exploration and evaluation assets as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of exploration and evaluation assets. This matter was of most significance due to the difficulties in evaluating the result of my audit procedures to assess the Company's determination of whether the factors, individually and in the aggregate, resulted in indicators of impairment.

How the matter was addressed in the audit

The following are the primary procedures I performed to address this key audit matter.

I evaluated the Company's analysis of impairment indicators by:

- Obtaining an understanding of management's process for developing an assessment of the existence of impairment indicators.
- Assessing whether the information in the analysis was consistent with information included in internal communicates to management and the Board of Directors, the Company's press releases, management's discussion and analysis, and other public filings
- Reading updated technical reports for any indicators of impairment arising from changes to estimates of mineral reserves and resources
- Considering evidence obtained in other areas of the audit, including the status of significant mineral licenses and expenditures on mineral properties, the results of exploration activities and any updates to estimates of mineral reserves and resources
- Comparing the Entity's market capitalization to the carrying value of its net assets.

Other Information

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

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

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I are required to report that fact. I 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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated financial statements

My 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 my 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I are required to draw attention in my auditor's

report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Adam Kim, CPA, CA.

"Adam Sung Kim Ltd."
Chartered Professional Accountant

Unit# 172 – 4300 North Fraser Way
Burnaby, BC, Canada V5J 5J8
February 16, 2024

UMDONI EXPLORATION INC.
Consolidated Statements of Financial Position
As of October 31, 2023 and October 31, 2022
(Expressed in Canadian Dollars)

	Note		October 31, 2023		October 31, 2022
ASSETS					
Current assets					
Cash		$	167,192	$	9,905
Receivable			9,559		1,208
Prepaid expenses			-		7,895
			176,751		19,008
Non-Current assets					
Exploration and evaluation assets	4		174,331		79,148
TOTAL ASSETS		**$**	**351,082**	**$**	**98,156**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	5	$	77,242	$	25,590
Loans payable	6		183,351		58,217
			260,593		83,807
Non-Current liabilities					
Long-term loans payable	6		-		112,790
TOTAL LIABILITIES			**260,593**		**196,597**
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	7		736,842		448,009
Contributed surplus	6		35,960		35,960
Accumulated deficit			(682,313)		(582,410)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)			90,489		(98,441)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**$**	**351,082**	**$**	**98,156**

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

Approved and authorized by the Board on February 16, 2024

"Jesse Hahn"
Jesse Hahn, Director

"Barry Hartley"
Barry Hartley, Director

UMDONI EXPLORATION INC.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended October 31, 2023 and 2022
(Expressed in Canadian Dollars)

		For the year ended October 31, 2023		For the year ended October 31, 2022
Expenses				
Office and administration costs	$	75	$	1,968
Filing and regulatory fees		29,543		3,360
Professional and consulting fees		48,673		75,410
Transfer agent fees		3,481		5,364
Total expenses		(81,772)		(86,102)
Other item				
Accretion expense		(18,131)		(9,270)
Net loss and comprehensive loss	**$**	**(99,903)**	**$**	**(95,372)**
Loss per share – basic and diluted	**$**	**(0.01)**	**$**	**(0.02)**
Weighted average number of common shares outstanding		**8,731,093**		**5,969,449**

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

UMDONI EXPLORATION INC.

Consolidated Statements of Changes in Shareholders’ Equity (Deficiency)
For the Years Ended October 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	Number of shares	Amount	Contributed Suprlus	Accumulated Deficit	Total Shareholders' Equity (Deficiency)
Balance at October 31, 2021		**5,969,449**	**$ 448,009**	**$ -**	**$ (487,038)**	**$ (39,029)**
Capital contribution by related parties	6	-	-	35,960	-	35,960
Net loss for the year		-	-	-	(95,372)	(95,372)
Balance at October 31, 2022		**5,969,449**	**448,009**	**35,960**	**(582,410)**	**(98,441)**
Shares issued, Private placement	7	3,000,000	300,000	-	-	300,000
Share issuance cost	7	-	(11,167)	-	-	(11,167)
Net loss for the year		-	-	-	(99,903)	(99,903)
Balance at October 31, 2023		**8,969,449**	**$ 736,842**	**$ 35,960**	**$ (682,313)**	**$ 90,489**

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

UMDONI EXPLORATION INC.

Consolidated Statement of Cash Flows
For the Years Ended October 31, 2023, and 2022
(Expressed in Canadian Dollars)

		For the year ended October 31, 2023		For the year ended October 31, 2022
Operating activities				
Net loss	$	(99,903)	$	(95,372)
Adjustment for non-cash items:				
Accretion expense		18,131		9,270
Changes in working capital:				
Receivables		(8,351)		(260)
Prepaid expenses		7,895		(7,895)
Accounts payable and accrued labilities		2,645		(4,660)
Net cash flows used in operating activities		**(79,583)**		**(98,917)**
Financing activities				
Share issued for cash		300,000		-
Share issuance cost		(11,167)		-
Related party loans		(5,788)		78,843
Net cash flows provided by financing activities		**283,045**		**78,843**
Investing activities				
Exploration and evaluation expenditures		(46,175)		-
Net cash flows used in investing activities		**(46,175)**		**-**
Net change in cash		157,287		(20,074)
Cash, beginning		9,905		29,979
Cash, ending	**$**	**167,192**	**$**	**9,905**
Supplemental non-cash flow information				
Exploration and evaluation expenditures in Accounts payables and accrued liabilities	$	49,008	$	-
Supplemental cash flow information				
Cash paid during the year for interest	$	-	$	-
Cash paid during the year for income taxes	$	-	$	-

1. Description of business and nature of operations

Umdoni Exploration Inc. (the "Company"), formerly known as Penn Capital Inc., was incorporated under the laws of British Columbia on October 15, 2014. The Company's registered and records office is located at Suite 401 – 750 West Pender Street, Vancouver, BC V6C 2T7.

On August 21, 2020, MJ Bioscience Corp. changed its name to Penn Capital Inc. On March 25, 2022, the Company changed its name to Umdoni Exploration Inc.

On November 29, 2022, the Company closed its initial public offering and listed on the Canadian Securities Exchange. On December 13, 2022, the Company began trading under the trading symbol "UDI".

The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and upon future profitable production.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of October 31, 2023, the Company has not generated any revenues from operations, and has a net loss of $99,903 for the year ended October 31,2023 and accumulated deficit of $682,313 (October 31, 2022 - $582,410) and expects to incur further losses in the development of its business. The company has a working capital deficit of $83,842 as at October 31, 2023 (October 31, 2022 – working capital deficit of $64,799), all of which casts significant doubt about the Company's ability to continue as a going concern. A number of alternatives including, but not limited to completing financing, are being evaluated with the objective of funding ongoing activities and obtaining working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. Significant accounting policies and basis of presentation

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") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of measurement

These consolidated financial statements of the Company have been prepared on a historical cost basis except for certain financial assets measured at fair value. These consolidated financial statements are presented in Canadian dollars unless otherwise specified.

(Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (Continued)

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage owned	
	Country of incorporation	**October 31, 2023**	**October 31, 2022**
Hab Capital Corp.	Canada	100%	100%
Kelso Capital Inc.	Canada	100%	100%

Subsidiaries are entities controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, only rights which give the Company the current ability to direct the relevant activities of the investee and that the Company has the practical ability to exercise is considered. Generally, there is a presumption that a majority of voting rights results in control. Consolidation of a subsidiary begins from the date on which control is transferred to the Company and ceases when the Company loses control of the subsidiary.

All intra-group transactions, balances, income and expenses, and unrealized gains or losses on transactions are eliminated in full on consolidation. Its subsidiaries, Hab Capital Corp. and Kelso Capital Inc. were dormant during the years ended October 31, 2023, and October 31, 2022

Significant estimates and assumptions

The preparation of these consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of mineral properties

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

2. Significant accounting policies and basis of presentation (Continued)

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Significant judgments

The preparation of these consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment in preparing the Company's financial statement is the classification of financial instruments and the going concern assumption.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

Financial Instruments

a) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

	Classification under IFRS 9
Cash	FVTPL
Receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Loans payable	Amortized Cost

b) Measurement
Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and are subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise.

3. Summary of significant accounting policies (Continued)

b) Measurement (Continued)

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of loss and comprehensive loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to statement of loss and comprehensive loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in statement of loss and comprehensive loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to statement of loss and comprehensive loss.

c) Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses The Company shall recognize in statement of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

d) Derecognition

Financial assets
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 the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in statement of loss and comprehensive.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in statement of loss and comprehensive loss.

Income taxes

Tax expense comprises of current and deferred tax. Tax is recognized in the statement of comprehensive loss except to the extent it relates to items recognized in other comprehensive loss or directly in equity.
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

3. Summary of significant accounting policies (Continued)

Income taxes (Continued)

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share capital

Share capital issued for non-monetary consideration is recorded at an amount based on the fair value of the common shares at the date the shares were granted. All costs related to issuances of share capital are charged against the proceeds from the related share capital.

Exploration and evaluation assets

Exploration and evaluation expenditures are capitalized once the legal right to explore a property has been acquired. Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. To the extent that the expenditures are spent to establish ore reserves within the rights to explore, the Company will consider those costs as intangible assets in nature. The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the intangible asset.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result, those exploration and evaluation costs, in excess of estimated recoveries, are written off to profit or loss.

Management reviews the facts and circumstances suggesting if the carrying amount of the exploration and evaluation assets exceeds their recoverable amount on a regular basis.

Impairment of long-lived assets

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit (“CGU”), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

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

3. Summary of significant accounting policies (Continued)

Impairment of long-lived assets (Continued)

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

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

Basic and diluted loss per share calculation

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

As at October 31, 2023, the Company, given the early stage of exploration on its mineral properties, has no reclamation costs and therefore no provision for environmental rehabilitation has been made.

Share-based payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the equity instruments issued is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share options is charged to profit or loss, with the offsetting credit to reserves. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued.

Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options

(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (Continued)

Share-based payments (Continued)

are recognized over the related service period. When share options are exercised, the amounts previously recognized in reserves are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in reserves.

4. Exploration and evaluation assets

On February 1, 2021, the Company purchased the Chlore property (the "Property") for $1,000. The Property is located in the Omineca Mining Division of North-Central British Columbia.

The following is a summary of the Company's exploration and evaluation asset for the years ended October 31, 2023, and 2022:

		October 31, 2023		October 31, 2022
Property acquisition costs				
Balance, beginning	$	1,000	$	1,000
Balance, ending		1,000		1,000
Exploration and evaluation costs				
Balance, beginning		78,148		78,148
Consulting service		2,400		-
Assays		25,722		-
Camp costs		7,656		-
Transportation		41,556		-
Freight		174		-
Labour		16,925		-
Equipment rental		750		-
Balance, ending		173,331		78,148
Total exploration and evaluation assets	**$**	**174,331**	**$**	**79,148**

(Expressed in Canadian Dollars)

5. Accounts payable and accrued liabilities

		October 31, 2023		October 31, 2022
Accounts payable	$	69,652	$	16,200
Accrued liabilities		7,590		9,390
	$	**77,242**	**$**	**25,590**

6. Related party loans and loans payable

The following summarizes loans payable as at October 31, 2023, and 2022:

		October 31, 2023		October 31, 2022
Loan				
Current	$	183,351	$	58,217
Non-current		-		112,790
	$	**183,351**	**$**	**171,007**

Related Party Loan

		October 31, 2023		October 31, 2022
Loans payable to a related party				
Current	$	117,890	$	58,217
Non-current		-		56,395
Loans payable to a related party	**$**	**117,890**	**$**	**114,612**
Loan payable to a third party		65,461		56,395
Total loans payable	**$**	**183,351**	**$**	**171,007**

As at October 31, 2023, the Company was indebted to current directors and officers in the amount of $117,890 (October 31, 2022 - $114,612) as related party loans and to a third party in the amount of $65,461 (October 31, 2022 - $56,395) as a non-related party loan.

On April 4, 2022, the Company entered debt repayment agreements with two directors of the Company to set a due date with respect of the repayment of $139,478 of related party amounts owing. These loans are unsecured and non-interest bearing with a maturity date of April 4, 2024. The loans were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 15% per annum. The loans were recorded at amortized cost of $103,518, with a contributed surplus of $35,960 as capital contribution by related parties. On October 31, 2022, one of the directors assigned to a third party the amount of $56,395 which represents the director's entire portion of the principal and accrued accretion, resulting in the Company transferring the balance owing of $56,395 to a non-related party. As at October 31, 2023, the non-related party loan balance is $65,461 (2022 - $56,395).

Since the loans are repayable on April 4, 2024, they have been reclassed to current loan for the year ended October 31, 2023. The Company recorded accretion expense of $18,131 during the year ended October 31, 2023 (October 31, 2022 - $9,270).

(Expressed in Canadian Dollars)

7. Share capital

Issued Share capital

There were 8,969,449 common shares issued and outstanding on October 31, 2023 (October 31, 2022 – 5,969,449). On November 29, 2022, the Company closed a non-brokered private placement by issuing 3,000,000 units at a price of $0.10 per unit for gross proceeds of $300,000. Each unit consists of one common share and one common share purchase warrant. The Company uses residual value method, and the total proceeds were all allocated to the common shares. The Company paid $11,167 of share issuance costs in connection with the share issuance.

Warrants

On November 29, 2022, as part of the private placement, 3,000,000 warrants were issued. Each warrant entitles the holder to purchase one common share at a price of $0.12 per common share for a period of five years from the date of the issuance. No fair value was allocated to the share purchase warrants as the Company uses a residual value method for private placement in units.

The following is a summary of warrant transactions and warrants outstanding as at October 31, 2023, and 2022:

	Number of Warrants	Weighted Average Exercise Price
Balance, October 31, 2022 and 2021	-	$0.00
Additions	3,000,000	$0.12
Balance, October 31, 2023	3,000,000	$0.12

The following is a summary of warrants as at October 31, 2023:

Expiry Date	Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (Years)
November 29, 2027	$0.12	3,000,000	4.08

Stock Options

There were no stock options outstanding as at October 31, 2023, and as at October 31, 2022.

(Expressed in Canadian Dollars)

8. Income taxes

The Company has accumulated non-capital losses. Tax attributes are subject to revision and potential adjustment by tax authorities. A reconciliation of income taxes at statutory rates is as follows:

		October 31, 2023		October 31, 2022
Loss for the year before income taxes	$	(99,903)	$	(95,372)
Expected income tax recovery at 27% (2022 - 27%)		(26,974)		(25,750)
Tax effect of:				
Item not deductible		4,895		2,502
Ture up of prior year tax losses		-		(76,248)
Current tax attributes not recognized		22,079		99,496
Income tax recovery	$	-	$	-

The significant components of the Company's deferred tax assets are as follows:

		October 31, 2023		October 31, 2022
Substatively enacted tax rate		27%		27%
Deferred Income tax assets:				
Non-capital losses	$	176,843	$	154,764
Share issuance costs and others				-
Less: Unrecognized deferred tax assets		(176,843)		(154,764)
	$	-	$	-

The Company has approximately $655,000 of non-capital losses available, which will expire through to 2043 and may be applied against future taxable income. The Company also has approximately $174,000 of exploration and development costs which are available for deduction against future income for tax purposes. At October 31, 2023, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

9. Capital management

The Company defines its capital as shareholders' equity. 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 and exploration and development of mineral properties. The Board of Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The property in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

10. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk.

The Company's cash is held in large Canadian financial institutions. The Company maintains cash deposits with Schedule A financial institution, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The liquidity risk is assessed as high.

Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of base metals. The Company monitors base metals prices to determine the appropriate course of action to be taken by the Company.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

The Company enters into financial instruments to finance its operations in the normal course of business. The fair values of cash, receivable, accounts payable and loan payable approximate their carrying values due to the short-term maturity of these instruments. Non-current portion of loans payable has a 24-month term and was accounted for at amortized cost using the effective interest rate method with the effective interest rate of 15% per annum.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at October 31, 2023, as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash	$167,192	-	-	$167,192

11. Segmented information

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

12. Subsequent events

Private placement

On February 12, 2024, the Company issued 10,000,000 Units at a price of $0.20 per Unit consisting of 10,000,000 common shares of the Company and 10,000,000 share purchase warrants of the Company. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.30 per common share until February 12, 2026.

In connection with the private placement, the Company paid $124,800 cash and issued 624,000 broker warrants to Haywood Securities Inc as a finder's fee. Each broker warrant entitles the holder to purchase one common share at a price of $0.30 per common share until February 12, 2026.

Acquisition of 1273180 B.C. Ltd. and Mineral Properties in Idaho

On January 18, 2024, the Company entered into a binding offer letter to acquire 100% of the issued and outstanding shares of 1273180 B.C. Ltd. from the shareholders of 1273180 B.C. Ltd. in exchange for 7,000,000 common shares of the Company, a cash payment of $230,000 to be paid within 180 days of the closing of the transaction and a 2% net smelter royalty from all recovered copper, silver, lead and other mineral production from the mineral properties. Upon closing of the transaction, 1273180 B.C. Ltd. would become a wholly owned subsidiary of the Company. 1273180 B.C. Ltd., through its wholly owned limited liability company organized under the laws of Montana, owns mineral exploration properties in Idaho State. On February 12, 2024, the transaction was completed by the issuance of 7,000,000 common shares of the Company to the shareholders of 1273180 B.C. Ltd. The Company still needs to make a cash payment of $230,000 within 180 days of the closing date, February 12, 2024.