

STALLION URANIUM CORP.

(formerly Stallion Discoveries Corp.)

Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited)

STALLION DISCOVERIES CORP.
CONDENSED QUARTERLY REPORT
March 31, 2024

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed consolidated interim financial statements of the Company 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

STALLION URANIUM CORP.

(formerly Stallion Discoveries Corp.)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	March 31, 2024 \$	December 31, 2023 \$
Assets		
Current assets		
Cash and cash equivalents	2,070,942	1,342,063
Amounts receivable	328,785	185,712
Prepaid expenses and deposits (Note 4)	1,533,747	1,044,860
Total current assets	3,933,474	2,572,635
Non-current assets		
Exploration and evaluation asset (Note 4)	24,624,572	23,068,458
Total assets	28,558,046	25,641,093
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	1,032,269	780,207
Flow-through premium (Note 6)	1,343,544	410,168
Total liabilities	2,375,813	1,190,375
Shareholders' equity		
Share capital (Note 6)	36,469,314	34,211,939
Share-based payment reserve (Note 7)	1,725,527	1,593,646
Warrants reserve (Note 8)	982,998	896,885
Deficit	(12,995,606)	(12,251,752)
Total shareholders' equity	26,182,233	24,450,718
Total liabilities and shareholders' equity	28,558,046	25,641,093

Nature of business and continuing operations (Note 1)

Subsequent events (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on May 29, 2024:

/s/ "Drew Zimmerman"

Drew Zimmerman, Director

/s/ "Jay Martin"

Jay Martin, Director

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

STALLION URANIUM CORP.

(formerly Stallion Discoveries Corp.)

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

	Three months ended March 31, 2024 \$	Three months ended March 31, 2023 \$
Expenses		
Consulting fees (Note 5)	325,505	36,000
Investor relations and marketing	543,191	87,350
Management fees (Note 5)	54,000	49,500
Office and miscellaneous	56,543	127,522
Professional fees (Note 5)	18,340	42,562
Rent	2,739	756
Share-based compensation (Notes 5 and 7)	131,881	224,786
Transfer agent and filing fees	41,504	55,281
Total expenses	1,173,703	623,757
Other income		
Flow-through recovery (Note 6)	410,168	-
Interest income	19,681	17,710
Total other income	429,849	17,710
Net loss for the period	(743,854)	(606,047)
Loss per share, basic and diluted	(0.01)	(0.00)
Weighted average number of common shares outstanding	117,932,874	70,284,724

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

STALLION URANIUM CORP.

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Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve \$	Warrants reserve \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$				
Balance, December 31, 2022	60,062,502	21,207,761	1,339,924	807,325	(10,027,033)	13,327,977
Shares issued for U92 acquisition (Note 3)	3,000,000	1,050,000	–	–	–	1,050,000
Shares issued for private placement	16,000,000	4,000,000	–	–	–	4,000,000
Share issuance costs	–	(296,040)	–	–	–	(296,040)
Share-based compensation	–	–	224,786	–	–	224,786
Net loss for the period	–	–	–	–	(606,047)	(606,047)
Balance, March 31, 2023	79,062,502	25,961,721	1,564,710	807,325	(10,633,080)	17,700,676
Balance, December 31, 2023	110,631,286	34,211,939	1,593,646	896,885	(12,251,752)	24,450,718
Units issued for private placement	12,777,779	3,883,822	–	–	–	3,883,822
Share issuance costs	–	(282,903)	–	86,113	–	(196,790)
Flow-through share premium	–	(1,343,544)	–	–	–	(1,343,544)
Share-based compensation	–	–	131,881	–	–	131,881
Net loss for the period	–	–	–	–	(743,854)	(743,854)
Balance, March 31, 2024	123,409,065	36,469,314	1,725,527	982,998	(12,995,606)	26,182,233

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

STALLION URANIUM CORP.

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Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Three months ended March 31, 2024 \$	Three months ended March 31, 2023 \$
Operating activities		
Net loss for the period	(743,854)	(606,047)
Items not involving cash:		
Flow-through recovery	(410,168)	–
Share-based compensation	131,881	224,786
Changes in non-cash operating working capital:		
Amounts receivable	(143,073)	(43,706)
Prepaid expenses and deposits	(488,887)	(48,938)
Accounts payable and accrued liabilities	(409,741)	256,576
Net cash used in operating activities	(2,063,842)	(217,329)
Investing activities		
Exploration and evaluation asset expenditures	(894,311)	(1,619,090)
Net cash used in investing activities	(894,311)	(1,619,090)
Financing activities		
Proceeds from issuance of shares	3,883,822	4,000,000
Share issuance costs	(196,790)	(296,039)
Net cash provided by financing activities	3,687,032	3,703,961
Change in cash and cash equivalents	728,879	1,867,542
Cash and cash equivalents, beginning of period	1,342,063	1,566,955
Cash and cash equivalents, end of period	2,070,942	3,434,497
Cash and cash equivalents consist of:		
Cash in bank	208,929	18,715
Cashable guaranteed investment certificate	1,862,013	3,415,782
Total cash and cash equivalents	2,070,942	3,434,497
Non-cash investing and financing activities:		
Exploration and evaluation assets expenditures included in accounts payable and accrued liabilities	661,803	–
Shares issued for acquisition of U92	–	1,050,000
Fair value of finder's warrants	86,113	–
Flow-through share premium	1,343,544	–

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

STALLION URANIUM CORP.

(formerly Stallion Discoveries Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

1. Nature of Business and Continuing Operations

Stallion Uranium Corp. (formerly Stallion Discoveries Corp., Stallion Gold Corp., Hybrid Minerals Inc., and Savoy Ventures Inc.) (the "Company") was incorporated on November 7, 2011 under the Business Corporations Act (British Columbia). The head office of the Company is located at Suite 700, 838 West Hastings Street, Vancouver, British Columbia, V6C 0A6.

The Company's principal business activities include the acquisition and exploration of mineral property assets. These consolidated financial statements have been prepared on the 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. For the three months ended March 31, 2024, the Company has not generated any revenues and incurred negative cash flow from operating activities. As at March 31, 2024, the Company has an accumulated deficit of \$12,995,606. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast doubt on the ability of the Company to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

2. Material Accounting Policies

(a) Statement of compliance and basis of presentation

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

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Stallion Gold Idaho Corp. ("Stallion Idaho"), U92 Exploration Limited ("U92"), effective on January 5, 2023, Hathor Exploration Ltd. ("Hathor"), effective on January 11, 2023, and 1262446 B.C. Ltd, effective on May 26, 2023. All significant inter-company balances and transactions have been eliminated on consolidation. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of operations from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for the part of the year during which control exists.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

(b) Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets, flow-through share premium, fair value of share-based compensation, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

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Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

2. Material Accounting Policies (continued)

(b) Use of estimates and judgments (continued)

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of operations in the period when the new information becomes available.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the three months ended March 31, 2024, and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Acquisitions

U92 Exploration Limited

On January 5, 2023, the Company acquired U92 Exploration Limited ("U92") pursuant to a share purchase agreement. U92 is a corporation existing under the laws of the province of British Columbia with strategic claims in the Western Athabasca Basin.

The Company acquired all of the issued and outstanding common shares of U92, for consideration of: (i) issuing 3,000,000 common shares of the Company and (ii) \$300,000.

This acquisition has been accounted for as an acquisition of assets as U92 did not meet the definition of a business under IFRS 3, Business Combinations.

Purchase consideration	\$
Fair value of common share	1,050,000
Cash	300,000
	<hr/>
	1,350,000
Net asset acquired:	
Exploration and evaluation assets (Note 4)	<hr/>
	1,350,000

Hathor Exploration Ltd.

On January 11, 2023, the Company acquired Hathor Exploration Ltd. pursuant to a share purchase agreement. Hathor is a corporation existing under the laws of the province of British Columbia, which includes 17 mineral claims held strategically throughout the Athabasca Basin.

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Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

3. Acquisitions (continued)

The Company acquired all of the issued and outstanding common shares of Hathor, for consideration of \$400,000 and \$37,500 as a finder's fee to an arms-length third party.

This acquisition has been accounted for as an acquisition of assets as Hathor did not meet the definition of a business under IFRS 3, Business Combinations.

Purchase consideration	\$
Cash	<u>437,500</u>
Net asset acquired:	
Exploration and evaluation assets (Note 4)	<u>437,500</u>

4. Exploration and Evaluation Assets

	Horse Heaven Property \$	Richmond Mountain Property \$	Athabasca Basin Property \$	Total \$
<i>Acquisition costs:</i>				
Balance, December 31, 2022	10,940,000	32,063	–	10,972,063
Additions	5,080,000	33,657	2,470,833	7,584,490
Balance, December 31, 2023	16,020,000	65,720	2,470,833	18,556,553
Cost recovery	–	–	(100,000)	(100,000)
Balance, March 31, 2024	16,020,000	65,720	2,370,833	18,456,553
<i>Exploration costs:</i>				
Balance, December 31, 2022	848,124	27,167	–	875,291
Assay and claim fees	160,981	27,304	5,147	193,432
Geological consulting and fieldwork	57,280	182,522	3,203,380	3,443,182
Balance, December 31, 2023	1,066,385	236,993	3,208,527	4,511,905
Assay and claim fees	–	–	20,957	20,957
Geological consulting and fieldwork	4,153	173	1,630,831	1,635,157
Balance, March 31, 2024	1,070,538	237,166	4,860,315	6,168,019
<i>Carrying amounts:</i>				
As at December 31, 2023	17,086,385	302,713	5,679,360	23,068,458
As at March 31, 2024	17,090,538	302,886	7,231,148	24,624,572

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Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

4. Exploration and Evaluation Assets (continued)

Horse Heaven Property

On March 1, 2021, the Company entered into a Share Option Agreement (“Agreement”) pursuant to which the Company has been granted the option to acquire all the shares outstanding in 1262446 B.C. Ltd. (“Horse Heaven Parent”), a private mineral exploration company. Horse Heaven Parent is the sole owner of Horse Heaven Holdings Inc. which holds a 100% interest in the Horse Heaven mineral property located in Idaho, USA. As consideration, the Company has agreed to pay \$1,200,000 and issue 36,000,000 common shares as follows:

- \$200,000 as a non-refundable deposit on the letter of intent and execution and delivery of the agreement (paid);
- \$200,000 and 12,000,000 common shares following the satisfaction or waiver of all of the conditions precedent in the Agreement (the “Effective Date”) (paid and issued);
- \$400,000 and 12,000,000 common shares on the first anniversary of the Effective Date (paid and issued); and
- \$400,000 and 12,000,000 common shares on the second anniversary of the Effective Date (paid and issued) (Note 7).

In May 2023, the Company completed the payments and exercised its option to acquire a 100% interest in Horse Heaven Parent.

Richmond Mountain Property

On May 20, 2022, the Company entered into an earn-in option agreement to acquire 100% of the membership interest in Richmond Mountain LLC (“Richmond”). Richmond is the sole owner of the Richmond Mountain gold project (the “Project”) from Bronco Creek Exploration Inc., a wholly-owned subsidiary of EMX Royalty Corporation (“EMX”). As consideration, the Company has agreed to pay US\$500,000 and incur US\$1,500,000 in exploration expenditures as follows:

- Cash payments to be made:
 - US\$25,000 upon execution and delivery of the agreement (paid).
 - US\$25,000 on or before the first anniversary of the Effective Date (paid);
 - US\$50,000 on or before the second anniversary of the Effective Date;
 - US\$50,000 on or before the third anniversary of the Effective Date;
 - US\$100,000 on or before the fourth anniversary of the Effective Date; and
 - US\$250,000 on or before the fifth anniversary of the Effective Date.
- Exploration expenditures to be incurred:
 - US\$200,000 on or before the first anniversary of the Effective Date;
 - US\$200,000 on or before the second anniversary of the Effective Date;
 - US\$300,000 on or before the third anniversary of the Effective Date;
 - US\$350,000 on or before the fourth anniversary of the Effective Date; and
 - US\$450,000 on or before the fifth anniversary of the Effective Date.

Upon completing the option earn-in, EMX will retain a 4% NSR royalty interest on the Project. The Company has the ability to buy down the NSR to 2.5% by:

- Completing an initial half-percent (0.5%) royalty buyback for a payment of US\$750,000 prior to the third anniversary of the option exercise.
- If the first buyback is completed, an additional half percent (0.5%) can be bought back for US\$1,000,000, and a third half percent (0.5%) increment for US\$1,200,000 at any time prior to Commercial Production.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars)

4. Exploration and Evaluation Assets (continued)

Beginning on the first anniversary of the option exercise, the Company will also make annual advance royalty (“AAR”) payments of US\$100,000. Additionally, after the option has been exercised, the Company will make payments in gold ounces (or the USD equivalent) at the following Project milestones:

- 200 ounces of gold upon completion of a preliminary economic assessment;
- 400 ounces of gold upon completion of a prefeasibility study; and
- 650 ounces of gold upon completion of a feasibility study.

Athabasca Basin Property

On January 5, 2023 and January 11, 2023, the Company entered into share purchase agreements to acquire 100% interest in U92 and Hathor, which own certain mineral claims in the Athabasca Basin (Note 3).

On July 18, 2023, the Company entered into an option agreement with Atha Energy Corp. (“Atha”) which give the Company an option to acquire a 70% interest (the “Option”) in 47 mineral claims located in the Western Athabasca Basin, Saskatchewan (the “Project”). The Option will become exercisable upon completion of the following milestones and will remain exercisable for one year thereafter:

- Issuance of 3,333,333 common shares of the Company within two business days following the satisfaction of customary conditions precedent (issued) (Note 7);
- Accumulation of \$3,311,770 Saskatchewan Exploration Expenditure Credits on the Project within 12 months; and
- Accumulation of an additional \$8,688,230 Saskatchewan Exploration Expenditure Credits (for an aggregate of \$12,000,000) on the Project within 60 months.

During the term of the Option, the Company will be the sole operator of all exploration programs on the Project.

Following the exercise of the Option, the Company and Atha will commence a joint venture on the Project with the Company and Atha holding a 70% and 30% interest, respectively.

As at March 31, 2024, the Company had a deposit of \$562,841 (December 31, 2023 - \$562,841) related to the time extension rules in accordance with Mineral Tenure Registry Regulation.

On February 12, 2024, the Company entered into a purchase and sale agreement with Glorious Creation Limited (“Glorious”), under which the Company granted Glorious the right to acquire a 100% interest in 7 mineral claims within the Athabasca Basin Property located in the province of Saskatchewan. Pursuant to the agreement, the consideration paid by Glorious is as follows:

Cash payments to be made by Glorious:

- \$100,000 upon signing the agreement (received); and
- \$300,000 on the closing date.

Common shares issued by Glorious:

- 500,000 common shares six months following the closing date;
- 500,000 common shares twelve months following the closing date;
- 500,000 common shares eighteen months following the closing date; and
- 1,000,000 common shares twenty-four months following the closing date.

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Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

4. Exploration and Evaluation Assets (continued)

The Company shall retain a 3% NSR from minerals mined and removed from the property, of which Glorious may purchase up to one-half of the NSR at any time prior to commercial production on the property as follows: \$500,000 for 0.5%; \$750,000 for an additional 0.5%; and \$1,000,000 for an additional 0.5%.

5. Related Party Transactions

- (a) During the three months ended March 31, 2024, the amount of \$45,000 (2023 - \$40,500) was incurred to a company controlled by the Chief Executive Officer of the Company for management fees.
- (b) During the three months ended March 31, 2024, the amounts of \$9,000 (2023 - \$9,000) and \$6,000 (2023 - \$6,000) were incurred to companies controlled by the Chief Financial Officer of the Company for management fees and professional fees, respectively.
- (c) During the three months ended March 31, 2024, consulting fees of \$27,000 (2023 - \$27,000) were incurred to a company controlled by the VP Exploration of the Company.
- (d) During the three months ended March 31, 2024, consulting fees of \$37,350 (2023 - \$Nil) was incurred to a company controlled by the VP Exploration, Canada of the Company.
- (e) During the three months ended March 31, 2024, consulting fees of \$10,500 (2023 - \$Nil) was incurred to a company controlled by the Corporate Secretary of the Company.
- (f) During the three months ended March 31, 2024, the Company granted stock options with a fair value of \$116,385 (2023 - \$167,277) to directors and officers of the Company.

6. Share Capital

Authorized: Unlimited common shares without par value

Shares issued during the three months ended March 31, 2024:

- (a) On February 8, 2024, the Company closed a private placement with the placement of 4,779,460 Federal flow-through units ("FFT Unit") at a price of \$0.32 per unit, 4,248,318 Saskatchewan flow-through units ("SFT Unit") at a price of \$0.36 per unit and 3,750,001 units at \$0.22 per unit for gross proceeds of \$3,883,822. Each FFT Unit consisted of one flow-through common share and one-half of one share purchase warrant. Each SFT Unit consisted of one flow-through common share and one-half of one share purchase warrant. Each unit consisted of one common share and one-half of one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.36 per share expiring on February 8, 2026. The Company paid finders' fees of \$196,790 and issued 805,194 finder's warrants with a fair value of \$86,113. Each finder's warrant is exercisable at \$0.22 per common share expiring on February 8, 2026. The fair value of the finder's warrants was calculated using the Black-Scholes option pricing model with an expected life of two years, volatility of 99.65%, risk-free rate of 4.14%, and dividend yield of 0%. The flow-through liability associated with this issuance using the residual method was \$1,343,544.

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Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

6. Share Capital (continued)

Shares issued during the year ended December 31, 2023:

- (a) On January 18, 2023, the Company issued 3,000,000 common shares with a fair value of \$1,050,000 pursuant to the acquisition of U92 (Note 3).
- (b) On February 15, 2023, the Company closed a private placement of 16,000,000 units of the Company at a price of \$0.25 per unit for gross proceeds of \$4,000,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.50 expiring on February 15, 2024. In connection with this private placement, the Company paid finders' fees of \$296,040.
- (c) On May 26, 2023, the Company issued 12,000,000 common shares with a fair value of \$4,680,000 pursuant to the option agreement to acquire Horse Heaven Parent (Note 4).
- (d) On September 11, 2023, the Company issued 3,333,333 common shares with a fair value of \$683,333 in pursuant to the option agreement with Atha Energy Corp. (Note 4).
- (e) On October 11, 2023, the Company closed a private placement of 9,160,451 flow-through units of the Company at a price of \$0.24 per unit and 5,525,000 non flow-through units of the Company at a price of \$0.20 per unit for a gross proceeds of \$3,303,508. Each flow-through unit consisted of one common share and one-half of one common share purchase warrant. Each non flow-through unit consisted of one common share and one-half of one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.30 per share expiring on October 11, 2025. In connection with this private placement, the Company paid finders' fees of \$195,894 and issued 851,232 finder's warrants with a fair value of \$81,399. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.30 per share expiring on October 11, 2025. The fair value of the finder's warrants was calculated using the Black-Scholes option pricing model with an expected life of two years, volatility of 99.72%, risk-free rate of 4.68%, and dividend yield of 0%. In addition, the Company paid an advisory fee of \$60,000 to Canaccord Genuity Corp. which was paid through the issuance of 300,000 non flow-through units. The flow-through liability associated with this issuance using the residual method was \$366,418.
- (f) On December 22, 2023, the Company closed a private placement of 1,250,000 flow-through units of the Company at a price of \$0.24 per unit for a gross proceeds of \$300,000. Each flow-through unit consisted of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one non-flow through common share in the capital of the Company at a price of \$0.30 per share expiring on December 22, 2025. In connection with this private placement, the Company paid finders' fees of \$21,000 and issued 87,500 finder's warrants with a fair value of \$8,161. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.30 per share expiring on December 22, 2025. The fair value of the finder's warrants was calculated using the Black-Scholes option pricing model with an expected life of two years, volatility of 101.61%, risk-free rate of 3.85%, and dividend yield of 0%. The flow-through liability associated with this issuance using the residual method was \$43,750.

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Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

7. Stock Options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, and consultants to the Company, non-transferable options to purchase common shares. The number of common shares reserved for issuance is not to exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to five years from the date of grant.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2022	1,650,000	0.345
Granted	925,000	0.35
Forfeited	(125,000)	0.29
Outstanding, December 31, 2023	2,450,000	0.35
Granted	900,000	0.25
Outstanding, March 31, 2024	3,350,000	0.32

Additional information regarding stock options outstanding as at March 31, 2024, is as follows:

Range of exercise price \$	Number of stock options outstanding	Number of stock options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.345	1,650,000	1,650,000	2.42	0.345
0.40	600,000	600,000	3.92	0.40
0.22	200,000	100,000	4.25	0.22
0.25	900,000	450,000	4.78	0.25
	3,350,000	2,800,000	3.44	0.32

During the three months ended March 31, 2024, the Company recognized share-based compensation expense of \$131,881 (2023 – \$224,786) in share-based payment reserve. The weighted average grant date fair value was \$0.19 (2023 - \$0.32) per option.

The fair values for stock options granted have been estimated using the Black-Scholes option-pricing model assuming no expected dividends, no forfeitures, and the following weighted average assumptions:

	2024	2023
Risk-free interest rate	1.91%	3.52%
Expected volatility	149%	158%
Expected option life (in years)	5.00	5.00

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8. Share Purchase Warrants

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2022	–	–
Issued	17,056,458	0.39
Balance, December 31, 2023	17,056,458	0.39
Issued	7,194,083	0.34
Expired	(8,000,000)	0.50
Balance, March 31, 2024	16,250,541	0.32

As at March 31, 2024, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
8,343,958	0.30	October 11, 2025
712,500	0.30	December 25, 2025
6,388,889	0.36	February 8, 2026
805,194	0.22	February 8, 2026
<u>16,250,541</u>		

9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, share-based payment reserve, and warrants reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged during the three months ended March 31, 2024.

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10. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash and cash equivalents, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents. The Company limits the exposure to credit risk by only investing its cash and cash equivalents with high-credit quality financial institutions. The carrying amount of these financial assets represents the maximum credit exposure.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is currently not exposed to any significant liquidity risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) Foreign Exchange Rate Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and United States, but has the majority of its cash held in Canada in Canadian dollars. Current exploration programs and option payments are denominated in US dollars. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

(f) Price Risk

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.