

QURI-MAYU DEVELOPMENTS LTD.

CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended October 31, 2024 and 2023

(Expressed in Canadian Dollars)

10290 171A STREET
SURREY, BC V4N 3L2

T: 604.318.5465
E: adamkimltd@gmail.com

Adam Kim

ADAM SUNG KIM LTD.

CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Quri-Mayu Developments Ltd.

Opinion

I have audited the consolidated financial statements of Quri-Mayu Developments Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2024 and October 31, 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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, 2024, and October 31, 2023, 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 \$408,123 during the year ended October 31, 2024, and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of \$2,378,885 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, 2024. 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

Description of the matter

I draw attention to Notes 3 to the financial statements. The Company has exploration and evaluation assets of \$997,646 as at October 31, 2024. 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 am 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 skepticism 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 am 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

10290 171A Street
Surrey, BC, Canada V4N 3L2
February 14, 2025

Quri-Mayu Developments Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	October 31, 2024	October 31, 2023
Assets			
Cash		\$ 10,460	\$ 214,792
GST receivable		4,779	10,647
Prepaid expenses and deposit		13,000	10,467
		28,239	235,906
Non-current assets			
Exploration and evaluation asset	3	997,646	997,646
Total Assets		\$ 1,025,885	\$ 1,233,552
Liabilities			
Accounts payable and accrued liabilities	4,6	\$ 855,684	\$ 655,228
Current and Total Liabilities		855,684	655,228
Shareholders' Equity			
Share capital	5	2,524,443	2,524,443
Reserves		24,643	24,643
Deficit		(2,378,885)	(1,970,762)
Total Shareholders' Equity		170,201	578,324
Total Liabilities and Shareholders' Equity		\$ 1,025,885	\$ 1,233,552

Nature and continuance of operations (Note 1)

Subsequent events (Note 11)

Approved and authorized for issue by the Board of Directors on February 14, 2025:

“Braydon Hobbs”
Braydon Hobbs, Director

“Grant Carlson”
Grant Carlson, Director

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

Quri-Mayu Developments Ltd.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	For the year ended October 31, 2024	For the year ended October 31, 2023
Operating Expenses			
Administration		\$ 38,070	\$ 38,099
Marketing costs		-	85,500
Listing and filing fees		12,363	12,410
Management and consulting fees	6	345,092	363,994
Professional fees		12,598	15,337
Total expenses		(408,123)	(515,340)
Loss and comprehensive loss		\$ (408,123)	\$ (515,340)
Basic and diluted loss per common share		\$ (0.01)	\$ (0.01)
Weighted average and fully diluted common shares outstanding		44,730,338	44,730,338

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

Quri-Mayu Developments Ltd.
Consolidated Statements of Shareholder Equity
(Expressed in Canadian Dollars)

	Common Shares		Reserves	Deficit	Total
	Number	Share Capital			
Balance at October 31, 2022	44,730,338	\$ 2,524,443	\$ 24,643	\$ (1,455,422)	\$ 1,093,664
Loss for the year	-	-	-	(515,340)	(515,340)
Balance at October 31, 2023	44,730,338	\$ 2,524,443	\$ 24,643	\$ (1,970,762)	\$ 578,324
Loss for the year	-	-	-	(408,123)	(408,123)
Balance at October 31, 2024	44,730,338	\$ 2,524,443	\$ 24,643	\$ (2,378,885)	\$ 170,201

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

Quri-Mayu Developments Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended October 31, 2024		For the year ended October 31, 2023	
Operating activities				
Net loss	\$	(408,123)	\$	(515,340)
Changes in non-cash working capital items:				
GST receivable		5,868		3,493
Prepaid expenses and deposits		(2,533)		48,425
Accounts payable and accrued liabilities		200,456		91,099
Net cash flows used in operating activities		(204,332)		(372,323)
Investing activities				
Exploration expenditures		-		(9,000)
Net cash flows used in investing activities		-		(9,000)
Net change in cash		(204,332)		(381,323)
Cash, beginning		214,792		596,115
Cash, ending	\$	10,460	\$	214,792
Cash paid during the period for interest	\$	-	\$	-
Cash paid during the period for income taxes	\$	-	\$	-

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

1. Nature and continuance of operations

Quri-Mayu Developments Ltd. (the “Company”) was incorporated on November 28, 2017, under the laws of British Columbia, Canada. On August 18, 2022, the Company’s shares began trading on the TSX Venture Exchange (“TSXV”) under the stock symbol “QURI”.

The Company’s head office is located at 1000 – 1285 West Pender Street, Vancouver, BC Canada V6E 4B1. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. At October 31, 2024, the Company had not achieved profitable operations, had a net loss of \$408,123 for the year ended October 31, 2024, and an accumulated losses of \$2,378,885 (October 31, 2023 - \$1,970,762) since inception, all of which indicate a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon a number of factors including obtaining additional financing as required and having profitable operations. These consolidated financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the consolidated financial statements could be required.

2. Basis of presentation and material accounting judgments

a. Statement of compliance

These consolidated financial statements, including comparatives, 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.

b. Basis of presentation

The consolidated financial statements of the Company have been prepared on a historical cost basis except for certain financial instruments classified in accordance with measurements standards under IFRS. The consolidated financial statements are presented in Canadian dollars unless otherwise specified.

2. Basis of presentation and material accounting judgments (continued)

c. Consolidation

The consolidated financial statements include the accounts of the Company and its controlled subsidiary. All significant inter-company balances and transactions have been eliminated. Details of controlled subsidiaries are as follows:

	Country of incorporation	Percentage owned*	
		October 31, 2024	October 31, 2023
1169783 B.C. Ltd. ("783 BC")	Canada	100%	100%
1200164 B.C. Ltd. dba Avalon West Acquisitions ("Avalon")	Canada	100%	100%

*Percentage of voting power is in proportion to ownership.

d. Material accounting judgments estimates and assumptions

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

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of evaluation and exploration assets and recognition of deferred tax amounts.

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

Going concern

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), whose subsequent changes could materially impact the validity of such an assessment.

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. Basis of presentation and material accounting judgments (continued)

d. Material accounting judgments estimates and assumptions (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.

Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

e. Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

2. Basis of presentation and significant accounting judgments (continued)

e. Explorations and evaluation assets (continued)

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from the successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

f. Financial instruments

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) 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
Accounts payable and accrued liabilities	Amortized cost

2. Basis of presentation and significant accounting judgments (continued)

f. Financial instruments (continued)

(ii) 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 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 consolidated statements of 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 consolidated statements of loss and comprehensive loss in the period in which they arise.

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 profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statements of loss and comprehensive loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or 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 the consolidated statements of loss and comprehensive Loss.

(iii) 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 the consolidated statements 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.

2. Basis of presentation and significant accounting judgments (continued)

f. Financial instruments (continued)

(iv) 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 of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes 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 the consolidated statements of loss and comprehensive loss.

g. Cash

Cash includes cash on hand and deposits held with banks.

h. Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on fair value on the date of issue.

i. Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings 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 are the same for the periods presented.

j. Impairment of non-financial assets

The carrying amount of the Company's assets (which includes exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

2. Basis of presentation and significant accounting judgments (continued)

j. Impairment of non-financial assets (continued)

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 an 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.

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.

k. Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred tax is accounted for using the statement of financial position 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. Deferred taxes are not recognized for temporary differences related to the initial recognition of the assets or liabilities that affect neither accounting nor taxable profit nor investments in subsidiaries, associates and interests in joint ventures to the extent it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner and expected date of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilized.

2. Basis of presentation and significant accounting judgments (continued)

1. Restoration and environmental obligations

The Company recognizes liabilities for legal and constructive obligations associated with the retirement of mineral properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in 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 the 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. The Company did not have any restoration provisions at October 31, 2024.

3. Exploration and evaluation assets

The following is a description of the Company's exploration and evaluation asset for the years ended October 31, 2024, and 2023:

	October 31, 2024	October 31, 2023
Property acquisition costs		
Balance, beginning	\$ 837,016	\$ 828,016
Additions	-	9,000
Balance, ending	837,016	837,016
Exploration and evaluation costs		
Balance, beginning	160,630	74,915
Field expenses	-	63,856
Assaying & laboratory	-	12,037
Reports	-	9,822
Balance, ending	160,630	160,630
Total	\$ 997,646	\$ 997,646

3. Exploration and evaluation assets (continued)

AT Property

Ronald Fisher and George Nicholson (collectively referred as the “Optionors”) had optioned a 100% interest in the mineral property called AT Mining Project (“AT Property”) situated in the province of British Columbia. Upon the acquisition of Avalon, the Company assumed the option agreement.

Pursuant to the option agreement, the Optionors shall grant full rights and authority to the Company for the AT Property upon the following:

- I. Paying an aggregate maximum of \$260,000 to the Optionors as follows:
 - \$10,000 on execution of the option agreement (Paid on March 19, 2021); and
 - 10% of exploration expenditures to be paid within 90 days of the completion of the work program during which such exploration expenditures were incurred up to a maximum aggregated amount of \$250,000 in payments. (Paid \$13,998 on March 19, 2021 and \$9,000 on September 27, 2023).
- II. Issuing an aggregate of 300,000 common shares to the Optionors upon achieving a public listing where AT Property is the “Qualifying Property” as such defined in the TSXV policies (issued on August 18, 2022).

The Company shall pay an aggregate 2.5% net smelter royalty to the Optionors upon commencement of commercial production and the Company will have the right to purchase 0.5% of the net smelter royalty upon payment of an aggregate of \$1,000,000 in shares to the Optionors. The Company shall have the right to purchase an additional 0.5% of the net smelter royalty at any time upon payment of an aggregate of \$3,000,000 in shares to the Optionors.

George Nicholson is an officer of the Company.

4. Accounts payable and accrued liabilities

	October 31, 2024	October 31, 2023
Accounts payable	\$ 389,996	\$ 279,654
Amounts due to related parties (Note 6)	392,438	317,438
Accrued liabilities	73,250	58,136
Accounts payable and accrued liabilities	\$ 855,684	\$ 655,228

5. Share capital

Authorized share capital

Unlimited common shares without par value.

Issued and outstanding

As at October 31, 2024, and 2023, the Company has 44,730,338 common shares outstanding.

No common shares were issued during the years ended October 31, 2024 and 2023.

Options

As at October 31, 2024, and 2023, the Company has no stock options outstanding.

Warrants

As at October 31, 2024, and 2023, the Company has 390,000 warrants outstanding.

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2024 and 2023	390,000	0.10

Warrants outstanding and exercisable at October 31, 2024, are as follows:

Number of Warrants	Exercise Price (\$)	Expiry Date	Weighted Average Remaining Life
390,000	0.10	August 15, 2025	0.79

6. Related party transactions

Balances

At October 31, 2024, accounts payable and accrued liabilities include \$392,438 (October 31, 2023 - \$317,438) owing to companies controlled by directors and officers of the Company (Note 4).

The amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

Refer to Note #3 for related party transactions.

6. Related party transactions (continued)

Transactions

The Company has identified the CEO (Mr. Kevin Smith), CFO (Mr. Braydon Hobbs) and the Company's directors as its key management personnel. During the years ended October 31, 2024 and 2023, the following amounts were incurred with officers of the Company:

	For the year ended October 31, 2024	For the year ended October 31, 2023
Management fees recorded from a company controlled by CFO	\$ 60,000	\$ 60,000
Management fees recorded from a company controlled by CEO	120,000	120,000
	\$ 180,000	\$ 180,000

All prior related party transactions occurred in the normal course of operations and have been measured at the agreed amount, which is the amount of consideration established and agreed to by the related parties.

7. Income Tax

The income taxes shown in the consolidated statements of loss and comprehensive loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	October 31, 2024	October 31, 2023
Statutory tax rate	27.00%	27.00%
Loss before income taxes	\$ (408,123)	\$ (515,340)
Expected income tax recovery	(110,193)	(139,142)
Increase (decrease) in income tax recovery resulting from:		
Current and prior tax attributes not recognized	110,193	139,142
Deferred income tax recovery	\$ -	\$ -

7. Income Tax (continued)

Details of deferred tax assets are as follows:

	October 31, 2024	October 31, 2023
Non-capital and capital losses	\$ 721,993	\$ 595,835
Mineral property and others	81,903	97,866
	803,896	693,701
Less: Unrecognized deferred tax assets	(803,896)	(693,701)
	\$ -	\$ -

The Company has approximately \$2,674,000 of non-capital losses available, which begin to expire in 2038 through to 2044 and may be applied against future taxable income. The Company also has approximately \$495,000 of exploration and development costs which are available for deduction against future income for tax purposes. At October 31, 2024, the net amount which would give rise to a deferred asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

8. 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. As such, the Company will rely 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.

9. Financial instruments

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The carrying values of cash and accounts payable and accrued liabilities approximate their fair values because of the relatively short-term nature of the instruments.

There are three levels of the fair value hierarchy as follows:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Cash is classified as Level 1.

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 largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. 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.

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. Financial assets and liabilities with variable interest rates expose the Company to cashflow interest rate risk. 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.

Foreign exchange risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible. The foreign exchange risk is therefore manageable and not significant. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign exchange rates.

9. Financial instruments (continued)

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. Management believes that the liquidity risk is high.

As at October 31, 2024, the Company had a cash balance of \$10,460 (October 31, 2023 - \$214,792) to settle current liabilities of \$855,684 (October 31, 2023 - \$655,228).

10. Segmented information

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

11. Subsequent events

- a) On January 3, 2025, the Company closed a non-brokered private placement of 10,775,000 units at a price of \$0.02 per unit for gross proceeds of \$215,500.

Each unit consists of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one share at a price of \$0.05 per warrant share for a period of thirty-six months from the date of issuance, subject to an acceleration provision in the event the trading price of the shares equals or exceeds \$0.10 for a period of 10 consecutive days.

In connection with the non-brokered private placement, the Company will pay finder's fees of \$720 and 36,000 non-transferable share purchase warrants. Each finder warrant is exercisable into one common share of the Company at a price of \$0.05 per share for a period of thirty-six months from the date of issuance.

- b) On January 3, 2025, the Company issued to arm's length parties an aggregate of 4,750,000 units at a price of \$0.02 per unit, to settle indebtedness of \$95,000. Each unit consists of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one share at a price of \$0.05 per warrant share for a period of thirty-six months from the date of issuance, subject to an acceleration provision in the event the trading price of the shares equals or exceeds \$0.10 for a period of 10 consecutive days.