

# **ZEUS NORTH AMERICA MINING CORP.**

**NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR**

**FOR**

**SPECIAL MEETING OF SHAREHOLDERS**

**OF**

**ZEUS NORTH AMERICA MINING CORP.**

**TO BE HELD ON DECEMBER 19, 2024**

No securities regulatory authority has in any way passed upon the merits of the transaction described in this information circular.

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**ZEUS NORTH AMERICA MINING CORP.**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that a special meeting (the “**Meeting**”) of holders (the “**ZEUS Shareholders**”) of common shares (the “**ZEUS Shares**”) of ZEUS NORTH AMERICA MINING CORP. (formerly Umdoni Exploration Inc.) (“**ZEUS**” or the “**Company**”) will be held at 780 - 789 West Pender Street, Vancouver, British Columbia at 11:00 a.m. (Pacific Time) on December 19, 2024 for the following purposes:

1. To pass, with or without amendment, a special resolution (the “**Arrangement Resolution**”) to approve an arrangement (the “**Arrangement**”) under section 288 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”), the full text of which resolution is set forth in **Appendix A** to, and all as more particularly described in, the accompanying Circular; and
2. To consider other matters, including without limitation such amendments or variations to the foregoing matters, as may properly come before the Meeting or any adjournment thereof.

The full text of the Arrangement Resolution and the Arrangement Agreement (as defined in the Circular) are set out in Appendices A and B to the Circular and provides additional information relating to the subject matters of the Meeting, including the Arrangement, and is deemed to form part of this Notice of Meeting.

**Registered ZEUS Shareholders who validly dissent from the Arrangement will be entitled to be paid the fair value of their ZEUS Shares subject to strict compliance with the provisions of the Interim Order (as set forth herein), the Plan of Arrangement and sections 237 to 247 of the BCBCA. The right to dissent is described in the section of the Circular entitled *The Arrangement - Dissenting Holders’ Rights* and the text of the Interim Order is set out in Appendix C to the Circular. Failure to comply strictly with the requirements set forth in the Plan of Arrangement and sections 237 to 247 of the BCBCA may result in the loss of any right of dissent.**

The accompanying management information circular (the “**Circular**”) provides additional detailed information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this notice of Special Meeting (“**Notice**”). Also accompanying this Notice is Form of Proxy. Any adjournment of the Meeting will be held at a time and place to be specified at the Meeting. Additional information about the Company is on the Company’s profile at [www.sedarplus.ca](http://www.sedarplus.ca).

The board of directors of the Company has by resolution fixed the close of business on October 31, 2024 as the record date, being the date for the determination of the registered holders of common shares of the Company entitled to receive notice of, and to vote at, the Meeting and any adjournment or postponement thereof.

**Registered shareholders who are unable to attend the Meeting, are requested to date, complete and sign the enclosed form of proxy so that as large a representation as possible may be had at the Meeting, and deliver it in accordance with the instructions set out in the form of proxy and in the accompanying Circular.**

**Non-registered shareholders who plan to attend the Meeting must follow the instructions set out in the Form of Proxy or Voting Instruction Form to ensure that their common shares will be voted at the Meeting. If you hold your shares in a brokerage account, you are not a registered shareholder.**

**DATED** at Vancouver, British Columbia, on November 5, 2024.

**ZEUS NORTH AMERICA MINING CORP.**

“Dean Besserer” (signed)

Dean Besserer

Chief Executive Officer

**ZEUS NORTH AMERICA MINING CORP.**  
**MANAGEMENT INFORMATION CIRCULAR**

(Containing information as at October 31, 2024 unless indicated otherwise).

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by management of ZEUS NORTH AMERICA MINING CORP. (the “**Company**” or “**ZEUS**”) for use at the special meeting (the “**Meeting**”) of its shareholders (the “**ZEUS Shareholders**”) to be held on December 19, 2024 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

Unless the context otherwise requires, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Glossary of Terms in this Circular.

In considering whether to vote for the approval of the Arrangement, ZEUS Shareholders should be aware that there are various risks, including those described under *Risk Factors* in this Circular. ZEUS Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement.

No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and ZEUS Shareholders are urged to consult their own professional advisers in connection therewith.

Descriptions in the body of this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement are merely summaries of the terms of those documents. ZEUS Shareholders should refer to the full text of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. The full text of the Arrangement Agreement is attached to this Circular as **Appendix B** and the Plan of Arrangement is attached as Schedule A to the Arrangement Agreement.

**INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS**

Except for statements of historical fact contained herein, the information presented in this Circular constitutes “forward-looking statements”. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “potential”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “will”, “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

A variety of material factors include, among others: the Arrangement Agreement being terminated in certain circumstances; certain conditions precedent to the Arrangement not being satisfied; ZEUS incurring certain costs, even if the Arrangement is not completed; and failure to complete the Arrangement, could negatively impact the market price of ZEUS Shares and future business and financial results; a “market overhang” could adversely affect the market price of the Company after completion of the Arrangement; the integration of Spinco and ZEUS may not occur as planned; Spinco and ZEUS being exposed to certain risks associated with operating in foreign countries; as well as those risks described under *Risk Factors* in this Circular, the risks relating to the Company in its interim and annual financial statements and management’s discussion and analysis of those statements, all of which are filed and available for review on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

In addition, recent unprecedented events in the world economy and global financial and credit markets due to COVID-19 have resulted in heightened market volatility, higher interest rates and a contraction in debt and equity markets,

which could have a particularly significant, detrimental and unpredictable impact on forward-looking statements. The Company provides no assurances that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. Accordingly, readers should not place undue reliance on forward-looking statements.

## NOTES TO UNITED STATES SHAREHOLDERS

**THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE IN THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE IN THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Offers and sales of the Spinco Shares and the New ZEUS Shares to be issued pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or any applicable Securities Laws of any state of the United States and are being issued in reliance on the Section 3(a)(10) Exemption. Such exemption contemplates the approval of the Court, which will consider, among other things, the procedural and substantive fairness of the Arrangement to the ZEUS Shareholders as further described in this Circular under *Completion of Arrangement - United States Securities Law Considerations*. In addition, such offers and sales may be subject to certain U.S. state laws relating to the offer and sale of securities in particular states of the United States, including exemptions therefrom, commonly referred to as “state blue-sky” laws. The fraud and non-disclosure provisions of the U.S. Securities Act and the U.S. Exchange Act may apply to offers and sales deemed to be made to ZEUS Shareholders residing in the United States or otherwise entitled to the protection of U.S. Securities Laws, notwithstanding the availability of exemptions from registration under U.S. Securities Laws.

The solicitation of proxies made pursuant to this Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with disclosure requirements applicable in Canada. ZEUS Shareholders should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and to proxy statements under the U.S. Exchange Act.

Information concerning the properties and operations of ZEUS has been prepared in accordance with the requirements of Canadian Securities Laws, which differ from the requirements of United States Securities Laws. Unless otherwise indicated, all mineral reserve and mineral resource estimates included in this Circular have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum definitions and classification system (“**CIM Definition Standards**”). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Information concerning mineral deposits set forth herein may not be comparable to information made public by companies that report in accordance with United States standards.

Financial statements included or incorporated by reference in this Circular have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to Canadian auditing and auditor independence standards, which differ from United States generally accepted accounting principles, and which apply different auditing and auditor independence standards. These differences may be material in certain respects and, thus, they may not be comparable to financial statements of U.S. companies.

ZEUS Shareholders who are resident in, or citizens of, the United States are advised to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction. Such United States tax consequences are not described herein.

The enforcement by shareholders of civil liabilities under U.S. Securities Laws may be affected adversely by the fact that each of ZEUS and Spinco is incorporated outside the United States, that most of their respective officers and directors and the experts named herein are residents of a foreign country and that some or all of the respective Assets of ZEUS and Spinco and the aforementioned persons are located outside the United States. As a result, it may be difficult or impossible for ZEUS Shareholders to effect service of process within the United States upon ZEUS or Spinco, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under U.S. Securities Laws or any fraud provisions of any state within the United States. In addition, ZEUS Shareholders should not assume that the courts of Canada (a) would allow them to sue ZEUS or Spinco, their respective officers or directors, or the experts named herein in the courts of Canada, (b) would enforce judgments of United States courts obtained in actions against such persons predicated upon

civil liabilities under U.S. Securities Laws or any fraud provisions of any state within the United States, or (c) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under U.S. Securities Laws or any fraud provisions of any state within the United States.

## GLOSSARY OF TERMS

The following is a glossary of general terms and abbreviations used in this Circular:

“**Affiliate**” has the meaning ascribed thereto in National Instrument 45-106 *Prospectus and Registration Exemptions* (“**NI 45-106**”) of the Canadian Securities Administrators;

“**Arrangement**” means the arrangement of the Company under Section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order (provided, however, that any such amendment or variation is acceptable to the Company, acting reasonably);

“**Arrangement Agreement**” means the agreement dated effective August 26, 2024 between the Company and Spinco, including all schedules annexed thereto, a copy of which is attached as **Appendix B** to this Circular, and any amendment(s) or variation(s) thereto;

“**Arrangement Resolution**” means the special resolution to be considered by the ZEUS Shareholders at the Meeting to approve the Arrangement, the full text of which is set out in **Appendix A** to this Circular and is available on [www.sedar.com](http://www.sedar.com) under the profile of the Company;

“**Assets**” means the assets of the Company to be transferred to Spinco pursuant to the Arrangement, being the Chlore Property;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

“**Beneficial Shareholder**” means a ZEUS Shareholder who is not a Registered Shareholder;

“**Board**” means the board of directors of the Company;

“**Business Day**” means a day that is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;

“**Chlore Property**” means the Company’s Chlore Property located in the Omineca Mining Division of North-Central British Columbia;

“**Circular**” means this management information circular, including the Notice of Meeting and all schedules attached hereto and all documents incorporated by reference herein, and all amendments hereof and supplements hereto;

“**Company**” or “**ZEUS**” means ZEUS NORTH AMERICA MINING CORP.;

“**Conversion Factor**” means 0.006666667;

“**Court**” means the Supreme Court of British Columbia;

“**Dissent Rights**” means the rights of dissent exercisable by the ZEUS Shareholders in respect of the Arrangement described in Article 4 of the Plan of Arrangement;

“**Dissenting Shareholder**” means a ZEUS Shareholder who has duly and validly exercised Dissent Rights in respect of the Arrangement Resolution in strict compliance with the Dissent Rights and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, and who will be entitled to be paid fair value for his, her or its ZEUS Shares in accordance with the Interim Order and the Plan of Arrangement;

“**Effective Date**” means the date upon which all of the conditions to the completion of the Arrangement as set out in Article 5 of the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement and the Final Order and all documents agreed to be delivered thereunder have been delivered;

“**Effective Time**” means 12:01 a.m. (Pacific Time) on the Effective Date that the Arrangement becomes effective, as set out in the Plan of Arrangement;

“**Exchange**” or “**CSE**” means the Canadian Securities Exchange;



**“Final Order”** means the final order of the Court pursuant to Section 291 of the BCBCA, in a form acceptable to ZEUS, acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of ZEUS acting reasonably) at any time before the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal (provided that any such amendment is acceptable to ZEUS acting reasonably);

**“Interim Order”** means the interim order of the Court dated November 5, 2024 contemplated by Section 2.2 of the Arrangement Agreement and made pursuant to Section 291 of the BCBCA, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court with the consent of ZEUS acting reasonably, a copy of which is attached to this Circular as **Appendix C**;

**“Intermediaries”** refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;

**“Meeting”** means the annual general and special meeting of the ZEUS Shareholders to be held on December 19, 2024, including any adjournment or postponement thereof;

**“National”** means National Securities Administrators Ltd., the registrar and transfer agent of the Company and the proposed registrar and transfer agent of Spinco;

**“NI 43-101”** means National Instrument 43-101 *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators;

**“Notice of Meeting”** means the notice of annual and general special meeting of the ZEUS Shareholders accompanying this Circular;

**“Plan of Arrangement”** means the plan of arrangement attached as Schedule A to the Arrangement Agreement, which Arrangement Agreement is attached as **Appendix B** to this Circular, and any amendment(s) or variation(s) thereto;

**“Proxy”** means the form of proxy accompanying this Circular;

**“Record Date”** means October 31, 2024, as the date for determination of ZEUS Shareholders entitled to receive notice of and to vote at the Meeting;

**“Registered Shareholder”** means a registered holder of ZEUS Shares as recorded in the shareholder register of the Company maintained by Computershare;

**“Regulation S”** means Regulation S promulgated under the U.S. Securities Act;

**“Regulatory Approvals”** means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the waiver or lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities;

**“Rule 144”** means Rule 144 promulgated under the U.S. Securities Act;

**“SEC”** means the United States Securities and Exchange Commission;

**“Section 3(a)(10) Exemption”** means the exemption from registration pursuant to Section 3(a)(10) of the U.S. Securities Act;

**“Securities Act”** means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

**“Securities Laws”** means the Securities Act, together with all other applicable Canadian provincial securities laws, the U.S. Securities Act, U.S. Exchange Act, and applicable securities laws of the United States and the states thereof, and the rules and regulations and published policies of the securities authorities thereunder, as now in effect and as they may be promulgated or amended from time to time, and includes the rules and policies of the CSE;

**“SEDAR+”** means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators described in National Instrument 13-101 of the Canadian Securities Administrators and available for public view at [www.sedarplus.ca](http://www.sedarplus.ca);

**“Share Distribution Record Date”** means the record date or such other day as agreed to by the Company, which date establishes the ZEUS Shareholders who will be entitled to receive the Spinco Shares pursuant to the Plan of Arrangement;

**“Share Exchange Date/Effective Date”** means the share issuance and payable date to the ZEUS Shareholders;

“**Spinco**” means Kelso Mining Inc., a private company incorporated under the BCBCA, which is a Subsidiary of the Company;

“**Spinco Shareholder**” means a holder of Spinco Shares;

“**Spinco Shares**” means the common shares without par value in the authorized share structure of Spinco;

“**Subsidiary**” has the meaning ascribed thereto in NI 45-106 of the Canadian Securities Administrators;

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1995, c. 1, and the regulations made thereunder, as now in effect and as they may be amended or replaced from time to time;

“**U.S. Exchange Act**” means the *United States Securities Exchange Act of 1934*, as may be amended or replaced from time to time;

“**U.S. Securities Act**” means the *United States Securities Act of 1933*, as may be amended or replaced from time to time;

“**United States**” and “**U.S.**” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

“**ZEUS Shareholder**” means a holder of ZEUS Shares; and

“**ZEUS Shares**” means the common shares without par value in the authorized share structure of the Company.

## SUMMARY OF INFORMATION CIRCULAR

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, and the Arrangement Agreement and Plan of Arrangement attached as **Appendix B** to this Circular.

References in this Circular are to Canadian dollars unless otherwise indicated.

### The Meeting

The Meeting will be held at 780 - 789 West Pender Street, Vancouver, BC V6C 1H2, at 11:00 a.m. (Pacific Time) on Thursday, December 19, 2024.

At the Meeting, ZEUS Shareholders will be asked to consider, and if deemed advisable, approve the Arrangement Resolution authorizing the Arrangement, and to consider such other matters as may properly come before the Meeting.

**By passing the Arrangement Resolution, the ZEUS Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement without any requirement to seek or obtain any further approval of the ZEUS Shareholders.**

### The Arrangement

The Company is a junior Canadian exploration company which currently owns the Cuddy Mountain, Selway, Great Western and Chlore properties.

The Arrangement has been proposed to efficiently facilitate the reorganization and transfer of the Company’s Chlore Property (the “**Assets**”) to Spinco, and for the parent company, ZEUS, to focus on its Cuddy Mountain, Selway, Great Western properties. The Board is of the view that the Arrangement will benefit the Company and the ZEUS Shareholders based on the information described herein.

The Arrangement will include the transfer of the Assets to Spinco, and will be subject to Court approval, as well as approval by the ZEUS Shareholders at the Meeting. Pursuant to the Arrangement, ZEUS will distribute 100% of the Spinco Shares it receives to the ZEUS Shareholders on a *pro rata* basis.

The Arrangement will result in ZEUS Shareholders receiving one Spinco Share with respect to every one ZEUS Share multiplied by the Conversion Factor. As of the date of this Circular, ZEUS has **59,203,298** ZEUS Shares issued and outstanding, and the Conversion Factor is 0.006666667. If ZEUS issues more ZEUS Shares before the Share Distribution Record Date, the total number of Spinco Shares to be issued will increase. There will be no change in shareholders’ holdings in ZEUS as a result of the Arrangement. In other words, ZEUS Shareholders will keep all their ZEUS Shares and will receive one Spinco Share with respect to every 150 ZEUS Shares.

***No outstanding ZEUS warrants or options will be transferred over to Spinco. ZEUS warrant and option holders who exercise their warrants and options before the Share Distribution Record Date will receive Spinco Shares. ZEUS warrant and option holders who do not exercise their warrants and options before the Share Distribution Record Date will not receive Spinco Shares.***

Spinco may or may not apply for a public listing in the future. **There can be no guarantee, assurance or representation that the Spinco Shares will ever be listed on any stock exchange.**

On completion of the Arrangement, (i) Spinco will hold the Assets transferred to it by ZEUS, (ii) Spinco will become a reporting issuer in the Provinces of British Columbia, Alberta, and Ontario (iii) each ZEUS Shareholder will continue to be a shareholder of ZEUS, (iv) all ZEUS Shareholders will have become Spinco Shareholders, and (v) ZEUS will retain its working capital for its Assets, and remain listed on the CSE and continue to trade under the trading symbol, “ZEUS”, as a junior exploration company.

On completion of the Arrangement, the authorized share capital of ZEUS will be altered by:

- (i) changing the identifying name of the ZEUS Shares to Class A common shares without par value, being the “**ZEUS Class A Common Shares**”;
  - (ii) creating a class consisting of an unlimited number of common shares without par value (the “**New ZEUS Shares**”); and
  - (iii) creating a class consisting of an unlimited number of Class A preferred shares without par value, having the rights and restrictions described in Schedule A to the Plan of Arrangement, being the ZEUS Class A Preferred Shares.
- (a) Each issued ZEUS Class A Common Share will be exchanged for one New ZEUS Share and one ZEUS Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the ZEUS Class A Common Shares will be removed from the central securities register of ZEUS and will be added to the central securities register as the holders of the number of New ZEUS Shares and ZEUS Class A Preferred Shares that they have received on the exchange.
  - (b) All of the issued ZEUS Class A Common Shares will be cancelled with the appropriate entries being made in the central securities register of ZEUS and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the ZEUS Class A Common Shares immediately prior to the Effective Date will be allocated between the New ZEUS Shares and the ZEUS Class A Preferred Shares so that the aggregate paid up capital of the ZEUS Class A Preferred Shares is equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, and each ZEUS Class A Preferred Share so issued will be issued by ZEUS at an issue price equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, divided by the number of issued ZEUS Class A Preferred Shares, such aggregate fair market value of the Distributed Spinco Shares to be determined as at the Effective Date by resolution of the Board. ZEUS will redeem the issued ZEUS Class A Preferred Shares for consideration consisting solely of the Distributed Spinco Shares such that each holder of ZEUS Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Spinco Shares that is equal to the number of ZEUS Class A Preferred Shares held by such holder multiplied by the Conversion Factor. The total number of Spinco Shares to be distributed to ZEUS Shareholders shall be approximately 394,688 subject to the rounding of fractions exercise of rights of dissent and issuance of additional Zeus Shares by ZEUS before the Share Distribution Record Date.
  - (c) The name of each holder of ZEUS Class A Preferred Shares will be removed as such from the central securities register of ZEUS, and all of the issued ZEUS Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of ZEUS.
  - (d) The Distributed Spinco Shares transferred to the holders of the ZEUS Class A Preferred Shares pursuant to step (b) above will be registered in the names of the former holders of ZEUS Class A Preferred Shares and appropriate entries will be made in the central securities registers of Spinco.
  - (e) The ZEUS Class A Common Shares and the ZEUS Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps (b) and (c) above are completed, will be cancelled and the authorized share structure of ZEUS will be changed by eliminating the ZEUS Class A Common Shares and the ZEUS Class A Preferred Shares therefrom.
  - (f) The Notice of Articles and Articles of ZEUS will be amended to reflect the changes to its authorized share structure made pursuant to the Plan of Arrangement.

The Board approved the Arrangement and authorized the making of an application to the Court for the calling of the Meeting. The Company believes that the Arrangement offers several benefits to ZEUS Shareholders, a few of which are set out below:

- (i) After the separation, the Company and Spinco will have the flexibility to implement its own unique growth strategies, allowing each organization to refine and refocus their business strategies and plans.
- (ii) ZEUS Shareholders will have a direct equity interest in Spinco and will be able to participate in any potential growth of Spinco.
- (iii) Additionally, because the resulting business of Spinco will be focused on the Chlore Property, it is expected to be more readily understood by public investors, allowing Spinco to be in a better position to raise capital and align management and employee incentives with the interests of ZEUS Shareholders.
- (iv) The Company will continue to operate its business as a junior exploration company, with a focus on its Cuddy Mountain, Selway, and Great Western properties.

The Arrangement will result in each ZEUS Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, after the Arrangement, holding Spinco Shares.

### **Recommendation and Approval of the Board of Directors**

**The Board has concluded that the terms of the Arrangement are fair and reasonable to, and in the best interests of, the Company and the ZEUS Shareholders. The Board has therefore approved the Arrangement and authorized the submission of the Arrangement to the ZEUS Shareholders and the Court for approval. The Board recommends that ZEUS Shareholders vote FOR the approval of the Arrangement.**

The Arrangement must be approved by two-thirds of the votes cast at the Meeting by ZEUS Shareholders and by the Court which, the Company is advised, will consider, among other things, the fairness of the Arrangement to ZEUS Shareholders.

There is the availability of Dissent Rights to Registered Shareholders with respect to the Arrangement.

### **Conduct of Meeting and Shareholder Approval**

The Interim Order provides that for the Arrangement to proceed, the Arrangement Resolution must be passed, with or without variation, by at least 66.66% of the eligible votes cast with respect to the Arrangement Resolution by ZEUS Shareholders present in person or by Proxy at the Meeting.

### **Court Approval**

The Arrangement, as structured, requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order does not constitute approval of the Arrangement or the contents of this Circular by the Court.

The Notice of Hearing is attached to this Circular as **Appendix E**. In hearing the petition for the Final Order, the Court will consider, among other things, the fairness of the Arrangement to the ZEUS Shareholders. The Court will also be advised that based on the Court's approval of the Arrangement, the Company and Spinco will rely on an exemption from registration pursuant to the Section 3(a)(10) Exemption for the issuance of the Spinco Shares, the ZEUS Class A Preferred Shares and the New ZEUS Shares to any ZEUS Shareholder who is a United States resident. Assuming approval of the Arrangement by the ZEUS Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on or after January 7, 2025, at the Courthouse located at 800 Smithe Street, Vancouver, British Columbia, or at such other date and time as the Court may direct. At this hearing, any ZEUS Shareholder or director, creditor, auditor or other interested party of the Company who wishes to participate or to be represented or who wishes to present evidence or argument may do so, subject to filing an appearance and satisfying certain other requirements. See *Court Approval of the Arrangement*.

### **Income Tax Considerations**

Canadian federal income tax considerations for ZEUS Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary under *Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*. ZEUS Shareholders who are not residents in Canada have to consult their own tax advisors with respect to possible tax implications of the Arrangement.

**ZEUS Shareholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors in regard to their particular circumstances.**

## **Right to Dissent**

ZEUS Shareholders will have the right to dissent from the Plan of Arrangement as provided in the Interim Order, the Plan of Arrangement and sections 237 to 247 of the BCBCA. Any ZEUS Shareholder who dissents will be entitled to be paid in cash the fair value for their ZEUS Shares held so long as such Dissenting Shareholder: (i) does not vote any of his, her or its ZEUS Shares in favour of the Arrangement Resolution, (ii) provides to the Company written objection to the Plan of Arrangement to the Company's head office at 1100 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5, Canada, at least two Business Days before the Meeting or any postponement(s) or adjournment(s) thereof, and (iii) otherwise complies with the requirements of the Plan of Arrangement and sections 237 to 247 of the BCBCA. See *Rights of Dissent – Dissenters' Rights*.

## **Investment Considerations**

Investments in development stage companies such as the Company and Spinco are highly speculative and subject to numerous and substantial risks that should be considered in relation to the Arrangement. There is no assurance that there will be a public market for the Spinco Shares after the Effective Date. See *Risk Factors*.

## **Failure to Complete Arrangement**

**IN THE EVENT THE ARRANGEMENT RESOLUTION IS NOT PASSED BY ZEUS SHAREHOLDERS, THE COURT DOES NOT APPROVE THE ARRANGEMENT OR THE ARRANGEMENT DOES NOT PROCEED FOR SOME OTHER REASON, THE COMPANY WILL CARRY ON BUSINESS AS IT IS CURRENTLY CARRYING ON. IN SUCH CIRCUMSTANCES, SPINCO WILL LIKELY REMAIN AS A DORMANT SUBSIDIARY OF THE COMPANY AND THE COMPANY WILL INCUR THE EXPENSES RELATED TO THE PLAN OF ARRANGEMENT.**

## **Information Concerning the Company After the Arrangement**

Following completion of the Arrangement, the Company will continue to carry on its business activities with a focus on the Cuddy Mountain Property, Selway Property and Great Western Property. Each ZEUS Shareholder will continue to be a shareholder of the Company, and ZEUS Shareholders will receive one Spinco Share with respect to every one ZEUS Share multiplied by the Conversion Factor (one Spinco Share with respect to every 150 ZEUS Share). The Company will retain its working capital for its Assets and is expected to remain listed on the CSE and continue to trade under the trading symbol, ZEUS, as a junior exploration company.

Following completion of the Arrangement, the current directors and officers of the Company are expected to continue to be the directors and officers of the Company.

## **Information Concerning Spinco After the Arrangement**

Following completion of the Arrangement, Spinco will hold the Assets transferred to it by ZEUS and Spinco will become a reporting issuer in the Provinces of British Columbia, Ontario and Alberta.

***There can be no guarantee that the Spinco Shares will be listed on any stock exchange.***

Following completion of the Arrangement, the directors and officers listed under *Information Concerning Spinco After the Arrangement* are expected to be the directors and officers of Spinco.

## **Risk Factors**

In considering whether to vote for the approval of the Arrangement, ZEUS Shareholders should be aware that there are various significant risks, including those described in this Circular. ZEUS Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement.

## **GENERAL PROXY INFORMATION**

### **Solicitation of Proxies**

This Circular is provided in connection with the solicitation of proxies by the management of the Company for use at the Meeting for the purposes set out in the accompanying Notice of Meeting and at any adjournment thereof.

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors or officers of the Company. The Company will bear all costs of this solicitation. The Company has arranged for Intermediaries to forward the Meeting Materials, as defined below, to Beneficial Shareholders held of record by those Intermediaries and the Company will not reimburse the Intermediaries for their fees and disbursements in that regard.

## Record Date

The Board has fixed **October 31, 2024** as the Record Date for determination of persons entitled to receive notice of and to vote at the Meeting. Only ZEUS Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of Proxy in the manner and subject to the provisions described herein will be entitled to vote or to have their ZEUS Shares voted at the Meeting.

## Appointment of Proxyholders

The purpose of a Proxy is to designate persons who will vote the Proxy on behalf of a ZEUS Shareholder in accordance with the instructions given by the ZEUS Shareholder in the Proxy. The persons whose names are printed in the enclosed form of Proxy are officers or directors of the Company.

The individual(s) named in the accompanying form of Proxy are management's representatives. **If you are a ZEUS Shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than the person(s) designated in the Proxy, who need not be a ZEUS Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another proper Proxy and, in either case, delivering the completed Proxy to the office of National Securities Administrators Ltd. at 702 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, Canada by mail, or by fax at 604-559-8908, or by email at [proxy@transferagent.ca](mailto:proxy@transferagent.ca), not later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time fixed for the Meeting or any adjournments thereof, unless the chair elects to exercise his discretion to accept proxies received subsequently.**

## Voting by Proxyholder

The person(s) named in the Proxy will vote or withhold from voting the ZEUS Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your ZEUS Shares will be voted accordingly. The Proxy confers discretionary authority on the person(s) named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

As at the date hereof, the Board knows of no such amendments, variations or other matters to come before the Meeting, other than the matters referred to in the Notice of Meeting. However, if other matters should properly come before the Meeting, the Proxy will be voted on such matters in accordance with the best judgment of the person(s) voting the Proxy.

## Who Can Vote at the Meeting

If a ZEUS Shareholder does not specify a choice and the ZEUS Shareholder has appointed one of the management proxyholders as proxyholder, the management proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the person(s) named in the Proxy will vote the ZEUS Shares represented by the Proxy for the approval of such matter.**

## Registered Shareholders

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by completing, dating and signing the enclosed form of Proxy and returning it to **National Securities Administrators Ltd., located at 702 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, Canada by mail, or by fax at 604-559-8908, or by email at [proxy@TransferAgent.ca](mailto:proxy@TransferAgent.ca)**, or vote via telephone or internet (online) as specified in the Proxy form, no later than 11:00 a.m. (Pacific Time) on **December 17, 2024**.

## Beneficial Shareholders

The following information is of significant importance to ZEUS Shareholders who do not hold ZEUS Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of ZEUS Shares). Most ZEUS Shareholders are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust

company through which they purchased the shares. Shares beneficially owned by a non-Registered Shareholder are registered either: (i) in the name of an Intermediary that the non-Registered Shareholder deals with in respect of their shares (Intermediaries include, among others, banks, trust companies, securities dealers, or brokers and trustees or administrators of self-administered RRSP, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited or the Depository Trust & Clearing Corporation) of which the Intermediary is a participant.

If ZEUS Shares are listed in an account statement provided to a ZEUS Shareholder by a broker, then in almost all such cases those ZEUS Shares will not be registered in the ZEUS Shareholder's name on the records of the Company. Such ZEUS Shares will more likely be registered under the names of the ZEUS Shareholder's broker or an agent of that broker. In the United States, many such ZEUS Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions to clients.

### **If you are a Beneficial Shareholder**

There are two kinds of Beneficial Shareholders: those who object to their name being made known to the issuers of securities which they own (called "OBOS" for objecting beneficial owners) and those who do not object to their name being made known to the issuers of the securities which they own (called "NOBOs" for non-objecting beneficial owners).

The Company is not taking advantage of those provisions of National Instrument 54-101 *Communication of Beneficial Owners of Securities* of the Canadian Securities Administrators, which permits it to deliver Proxy-related materials directly to its NOBOs.

This Circular, with related material, is being sent to both Registered and Beneficial Shareholders, if applicable. If you are a Beneficial Shareholder and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your ZEUS Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary who holds your ZEUS Shares on your behalf. Please return your VIF as specified in your request for voting instructions that you receive.

The form of Proxy that will be supplied to Beneficial Shareholders by the Intermediaries will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on behalf of the Beneficial Shareholder. Most Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. in the United States and Broadridge Financial Solutions Inc., Canada, in Canada (collectively "BFS"). BFS mails a VIF in lieu of a Proxy provided by the Company. The VIF will name the same person(s) as the Proxy to represent Beneficial Shareholders at the Meeting. Beneficial Shareholders have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the person(s) designated in the VIF, to represent them at the Meeting. To exercise this right, Beneficial Shareholders should insert the name of the desired representative in the blank space provided in the VIF. The completed VIF must then be returned to BFS in the manner specified and in accordance with BFS' instructions. BFS then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of ZEUS Shares to be represented at the Meeting.

**If you receive a VIF from BFS, you cannot use it to vote ZEUS Shares directly at the Meeting. The VIF must be completed and returned to BFS in accordance with its instructions, well in advance of the Meeting in order to have the ZEUS Shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting ZEUS Shares registered in the name of your Intermediary, you, or a person designated by you, may attend at the Meeting as Proxy holder for your Intermediary and vote your ZEUS Shares in that capacity. If you wish to attend the Meeting and indirectly vote your ZEUS Shares as Proxy holder for your Intermediary, or have a person designated by you to do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the VIF provided to you and return the same to your Intermediary in accordance with the instructions provided by such Intermediary, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal Proxy which would enable you, or a person designated by you, to attend the Meeting and vote your ZEUS Shares.

With respect to OBOs, in accordance with applicable securities law requirements, the Company will have distributed copies of the Notice of Meeting, Circular, the form of Proxy and the supplemental mailing list (the “**Meeting Materials**”) to request to the clearing agencies and Intermediaries for distribution to non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to non-Registered Shareholders unless a non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to non-Registered Shareholders.

**Beneficial Shareholders (non-Registered Shareholders) should carefully follow the instructions of their Intermediary, including those regarding when and where the Proxy or voting instruction form is to be delivered.**

#### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a Proxy may revoke it by:

- (a) executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder’s authorized attorney in writing, or if the Registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare or at the head office of the Company at 1100 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5, Canada, at any time up to and including the last Business Day that precedes the date of the Meeting or, if the Meeting is adjourned or postponed, the last Business Day that precedes any reconvening thereof, or to the Chair of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the Registered Shareholder’s ZEUS Shares.

A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

#### **Notice to United States Shareholders**

The Company’s common shares are not registered under Section 12 of the U.S. Exchange Act and this solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Residents of the United States should be aware that applicable Canadian proxy solicitation rules differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

This document does not address any income tax consequences of the disposition of ZEUS Shares or Spinco Shares by ZEUS Shareholders in a jurisdiction outside of Canada, including ZEUS Shareholders subject to United States taxation. ZEUS Shareholders in a jurisdiction outside of Canada should be aware that the disposition of ZEUS Shares by them may have tax consequences both in those jurisdictions and in Canada and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Any information concerning any properties and operations of the Company has been prepared in accordance with Canadian standards under applicable Canadian securities laws and may not be comparable to similar information for United States companies.

Financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to auditing and auditor independence standards which differ from United States generally accepted accounting principles and which apply different auditing and auditor independence standards. These differences may be material in certain respects and, thus, may not be comparable to U.S. companies.

The enforcement by ZEUS Shareholders and Spinco Shareholders of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company and Spinco are incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and the experts named herein are residents of a foreign country and that a substantial portion of the Assets of the Company are and will be, and all of the Assets of Spinco will be, located outside the United States.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No director or executive officer of the Company, or any person who has held such a position since the incorporation of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person of the Company, proposed director of the Company or any associate or affiliate of an informed person or proposed director, has any material interest, direct or indirect, in any transaction since the incorporation of



the Company or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company is authorized to issue an unlimited number of common shares without par value. As of the Record Date, there were 59,203,298 ZEUS Shares issued and outstanding, each carrying the right to one vote. No group of ZEUS Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the ZEUS Shares.

To the knowledge of the directors and executive officers of the Company, no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company.

The audited financial statements for the year ended October 31, 2023, report of the auditor and related management discussion and analysis and the interim financial statements and management discussion and analysis for the period ended July 31, 2024 are attached to this Circular as **Appendix G** and **Appendix H**, respectively, and are available at [www.sedarplus.ca](http://www.sedarplus.ca) under the profile of the Company.

Copies of the financial statements referenced in this Circular as well as all other financial statements may be obtained by ZEUS Shareholders upon request without charge from the Company at 1100 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5, Canada, telephone: (604) 806-0626, or are available through the internet at [www.sedarplus.ca](http://www.sedarplus.ca).

## **VOTES NECESSARY TO PASS RESOLUTIONS**

An affirmative vote of 66.66% of the votes cast in person or by Proxy at the Meeting is required to pass the special resolutions described herein.

## **THE ARRANGEMENT**

### **General**

The Arrangement will be carried out pursuant to the Arrangement Agreement, the Plan of Arrangement and related documents. A summary of the principal terms of the Arrangement Agreement and the Plan of Arrangement is provided in this section. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement and the Plan of Arrangement, which is appended to this Circular. Capitalized terms have the meaning set out in the Glossary of Terms or are otherwise defined herein.

### **Approval by Special Resolution**

At the Meeting, ZEUS Shareholders will be asked to approve the Arrangement Resolution, in the form set out in **Appendix A** attached to this Circular. The approval of the Arrangement Resolution will require at least a two-thirds majority of the votes cast by ZEUS Shareholders at the Meeting present in person or represented by Proxy voting as a single class. In addition, completion of the Arrangement is subject to receipt of required Regulatory Approvals, including the approval of the Court and other customary closing conditions.

**The Board has unanimously approved the Arrangement Agreement and the Plan of Arrangement and recommends that the ZEUS Shareholders vote FOR the Arrangement Resolution.**

### **Reasons for the Arrangement**

The Arrangement has been proposed to efficiently facilitate the reorganization and transfer of the Company's Chlore Property (the "**Assets**") to Spinco, and for the parent company, ZEUS, to focus on its Cuddy Mountain, Selway and Great Western properties. The Board is of the view that the Arrangement will benefit the Company and the ZEUS Shareholders based on the following summary and background.

The Arrangement will include the transfer of the Assets to Spinco. The Arrangement is subject to Court approval, as well as approval by the ZEUS Shareholders at the Meeting and the acceptance by the CSE. Pursuant to the Arrangement, ZEUS will distribute 100% of the Spinco Shares it receives to the ZEUS Shareholders on a *pro rata* basis. The ZEUS Shareholders will be entitled to receive one Spinco Share in relation to every one ZEUS Share multiplied by the Conversion Factor, which is 0.006666667. There will be no change in shareholders' holdings in ZEUS because of the Arrangement. No outstanding ZEUS warrants or options will be transferred over to Spinco. Spinco may or may not apply for a public listing in the future. Spinco Shares will not be listed on a stock exchange immediately after completion of the Arrangement.

On completion of the Arrangement, (i) Spinco will hold the Assets transferred to it by ZEUS, (ii) Spinco will become a reporting issuer in the Provinces of British Columbia, Alberta and Ontario, (iii) each ZEUS Shareholder will continue to be a shareholder of the Company, (iv) all ZEUS Shareholders will have become Spinco Shareholders, and (v) the Company will retain its working capital for its Assets, and subject to meeting the continuous listing requirements will remain listed on the CSE and continue to trade under the trading symbol, “ZEUS”, as a junior exploration company.

**There can be no guarantee that the Spinco Shares will ever be listed on any stock exchange.**

**If the Spinco Shares are not listed on a qualified exchange, they will not qualify to be held in registered investment accounts such as Registered Retirement Savings Plan (RRSP) or Tax Free Savings (TFS) accounts.**

### **Property to be Transferred to Spinco**

On August 26, 2024, the Company announced the Arrangement whereby it intends to spin out the Chlore Property into Spinco, a wholly-owned Subsidiary of ZEUS. The Spinco Shares will then be distributed to the ZEUS Shareholders. The Arrangement is designed to deliver greater value to the ZEUS Shareholders by unlocking the value of the Chlore Property, and allowing current management to focus on the acquisition, exploration and development of its U.S. Properties. Upon completion of the Arrangement, Spinco will hold a 100% interest in the Chlore Property.

The Chlore Property consists of four mineral claims located in the Clore River valley, about 55 kilometers east of Kitimat, BC and also about 62 kilometers south-east of the airport near Terrace, BC. The Chlore Property covers part of the valley floor and lower slopes of the upper Clore River (formerly known as Chlore Creek) valley where it transects the Bulkley Ranges of the Coast Mountains. The Chlore Property is described in the “Technical Report on the Chlore Project” prepared by Sean P. Butler, P.Geo. dated July 26, 2021 (the “**Technical Report**”), which is available at [www.sedarplus.ca](http://www.sedarplus.ca) under the profile of the Company. On December 22, 2022, the Company announced the completion of 2023 exploratory work program on the Chlore Property. The exploration work was comprised of geological mapping, soil and rock-chip sampling.

### **Properties to Remain in ZEUS**

Following completion of the Arrangement, the Company will retain its working capital and its exploration properties in the state of Idaho known as the Cuddy Mountain, Selway and Great Western properties. The Idaho properties consist of 102 (Cuddy Mountain), 57 (Selway) and 38 (Great Western) lode mining claims respectively and cover a cumulative area of approximately 4,200 acres. The Company’s flagship Cuddy Mountain Property is adjacent to Hercules Metals Corp.’s Leviathan Copper Porphyry discovery.

### **Fairness of the Arrangement**

The Arrangement was determined to be fair to the ZEUS Shareholders by the Board based upon the following factors, among others:

1. the procedures by which the Arrangement will be approved, including the requirement for 66.66% approval by the ZEUS Shareholders and approval by the Court after a hearing at which fairness will be considered;
2. the possibility of pursuing a proposed listing of the Spinco Shares on a stock exchange;
3. the opportunity for ZEUS Shareholders who are opposed to the Arrangement, upon compliance with certain conditions, to dissent from the approval of the Arrangement in accordance with the Interim Order, and to be paid fair value for their ZEUS Shares; and
4. each ZEUS Shareholder on the Share Distribution Record Date will participate in the Arrangement on a *pro rata* basis and, upon completion of the Arrangement, will continue to hold substantially the same *pro rata* interest that such ZEUS Shareholder held in the Company prior to completion of the Arrangement and substantially the same *pro rata* interest in Spinco.

### ***Dissenting Shareholders***

Each ZEUS Share held by a Dissenting Shareholder will be deemed to be directly transferred and assigned by such Dissenting Shareholder to ZEUS (free and clear of any liens) and cancelled for the following consideration (which is more particularly described in the Plan of Arrangement): (a) the fair value of the ZEUS Shares (in cash) to be determined as of the close of business on the day before the Effective Time; or (b) if it is determined that a Dissenting Shareholder is not entitled, for any reason, to be paid the fair value for their ZEUS Shares, then such ZEUS Shares will be deemed to have participated in the Arrangement as of the Effective Time and such holder will be entitled to receive Spinco Shares as consideration as if such holder had not exercised Dissent Rights.

In no circumstances will ZEUS or any other person be required to recognize a person purporting to exercise Dissent Rights unless such person is a Registered Shareholder in respect of which such rights are sought to be exercised.

### *Effect of the Arrangement*

On completion of the Arrangement, Spinco will issue approximately 394,688 Spinco Shares (based on the number of shares of ZEUS as of the Record Date) to the ZEUS Shareholders. ZEUS Shareholders will hold 100% of the total issued and outstanding Spinco Shares, subject to any Spinco Shares to be issued by Spinco pursuant to additional financing(s). For a description of the rights attached to the Spinco Shares, see *Information Concerning Spinco – Share Capital*.

On completion of the Arrangement, (i) Spinco will hold the Assets transferred to it by ZEUS, (ii) Spinco will become a reporting issuer in the Provinces of British Columbia, Alberta and Ontario, (iii) each ZEUS Shareholder will continue to be a shareholder of the Company, (iv) all ZEUS Shareholders will have become Spinco Shareholders, and (v) the Company will retain its working capital for its Assets, and remain listed on the CSE and continue to trade under the trading symbol, ZEUS, as a junior exploration company. **There can be no guarantee that the Spinco Shares will be listed on any stock exchange.**

On completion of the Arrangement, the authorized share capital of ZEUS will be altered by:

- (i) changing the identifying name of the ZEUS Shares to Class A common shares without par value, being the “**ZEUS Class A Common Shares**”;
  - (ii) creating a class consisting of an unlimited number of common shares without par value (the “**New ZEUS Shares**”); and
  - (iii) creating a class consisting of an unlimited number of Class A preferred shares without par value, having the rights and restrictions described in Schedule A to the Plan of Arrangement, being the ZEUS Class A Preferred Shares.
- (a) Each issued ZEUS Class A Common Share will be exchanged for one New ZEUS Share and one ZEUS Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the ZEUS Class A Common Shares will be removed from the central securities register of ZEUS and will be added to the central securities register as the holders of the number of New ZEUS Shares and ZEUS Class A Preferred Shares that they have received on the exchange.
  - (b) All of the issued ZEUS Class A Common Shares will be cancelled with the appropriate entries being made in the central securities register of ZEUS and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the ZEUS Class A Common Shares immediately prior to the Effective Date will be allocated between the New ZEUS Shares and the ZEUS Class A Preferred Shares so that the aggregate paid up capital of the ZEUS Class A Preferred Shares is equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, and each ZEUS Class A Preferred Share so issued will be issued by ZEUS at an issue price equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, divided by the number of issued ZEUS Class A Preferred Shares, such aggregate fair market value of the Distributed Spinco Shares to be determined as at the Effective Date by resolution of the board of directors of ZEUS. ZEUS will redeem the issued ZEUS Class A Preferred Shares for consideration consisting solely of the Distributed Spinco Shares such that each holder of ZEUS Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Spinco Shares that is equal to the number of ZEUS Class A Preferred Shares held by such holder multiplied by the Conversion Factor.
  - (c) The name of each holder of ZEUS Class A Preferred Shares will be removed as such from the central securities register of ZEUS, and all of the issued ZEUS Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of ZEUS.
  - (d) The Distributed Spinco Shares transferred to the holders of the ZEUS Class A Preferred Shares pursuant to step §(b) above will be registered in the names of the former holders of ZEUS Class A Preferred Shares and appropriate entries will be made in the central securities registers of Spinco.
  - (e) The ZEUS Class A Common Shares and the ZEUS Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps §(c) and §(e) above are completed, will be cancelled and the authorized share structure of ZEUS will be changed by eliminating the ZEUS Class A Common Shares and the ZEUS Class A Preferred Shares therefrom.
  - (f) The Notice of Articles and Articles of ZEUS will be amended to reflect the changes to its authorized share structure made pursuant to the Plan of Arrangement.

### *Effective Date of the Arrangement*

If the Arrangement Resolution is passed, the Final Order is obtained, every other requirement of the BCBCA relating to the Arrangement is complied with and all other conditions disclosed in the Arrangement Agreement and summarized below under *The Arrangement Agreement — Conditions to the Arrangement* are satisfied or waived, the Arrangement will become effective on the Effective Date. ZEUS and Spinco currently expect that the Effective Date will be in January or February 2025 and will be announced by a news release.

### *Recommendation of the ZEUS Board*

By passing the Arrangement Resolution, the ZEUS Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement without any requirement to seek or obtain any further approval of the ZEUS Shareholders.

The Board approved the Arrangement and authorized the submission of the Arrangement to the ZEUS Shareholders and the Court for approval. In reaching this conclusion, the Board considered the benefits to the Company and the ZEUS Shareholders, as well as the financial position, opportunities and the outlook for the future potential and operating performance of the Company and Spinco.

The Arrangement Resolution also provides that the Plan of Arrangement may be amended by the Board before or after the Meeting without further notice to ZEUS Shareholders. The Board has no current intention to amend the Plan of Arrangement; however, it is possible that the Board may determine that it is appropriate that amendments be made.

After careful consideration, the Board has unanimously determined that the offered consideration of one (1) Spinco Share in exchange for every one ZEUS Shares multiplied by the Conversion Factor held by ZEUS Shareholders under the Arrangement is fair, from a financial point of view to ZEUS Shareholders and that the Arrangement is in the best interests of ZEUS. **Accordingly, the Board has concluded that the Arrangement is in the best interests of the Company and the ZEUS Shareholders, and unanimously recommends that the ZEUS Shareholders vote FOR the Arrangement Resolution at the Meeting.**

### **Conditions to the Arrangement**

The Arrangement Agreement provides that the Arrangement will be subject to the fulfillment of certain conditions, including the following:

1. the Arrangement Agreement must be approved by the ZEUS Shareholders at the Meeting in the manner referred to under *Shareholder Approval*, as described below;
2. the Arrangement must be approved by the Court in the manner referred to under *Court Approval of the Arrangement*, as described below;
3. all other consents, orders, regulations and approvals, including regulatory, the CSE and judicial approvals and orders, required, necessary or desirable for the completion of the Arrangement must have been obtained or received, each in a form acceptable to the Company and Spinco; and
4. the Arrangement Agreement must not have been terminated.

If any of the conditions set out in the Arrangement Agreement are not fulfilled or performed, the Arrangement Agreement may be terminated, or in certain cases the Company or Spinco, as the case may be, may waive the condition in whole or in part. As soon as practicable after the fulfillment of the conditions contained in the Arrangement Agreement, the Final Order will be deposited with the records office of the Company together with such other material as may be required, in order that the Arrangement will become effective.

Management of the Company believes that all material consents, orders, regulations, approvals or assurances required for the completion of the Arrangement will be obtained in the ordinary course upon application therefore.

### **Shareholder Approval**

In order for the Arrangement to become effective, the Arrangement Resolution must be passed, with or without variation, by a special resolution of at least 66.66% of the eligible votes cast in respect of the Arrangement Resolution by ZEUS Shareholders present in person or by Proxy at the Meeting.

The sole Spinco Shareholder, being the Company, has approved the Arrangement by consent resolutions.

## Court Approval of the Arrangement

The Arrangement as structured requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order is attached as **Appendix C** to this Circular. The Notice of Hearing is attached as **Appendix E** to this Circular.

The Court has broad discretion under the BCBCA when making orders in respect of arrangements and the Court may approve the Arrangement as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks appropriate. The Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the terms and conditions of the Arrangement to the ZEUS Shareholders.

The Arrangement requires Court approval under the BCBCA. In addition to this approval, the Court will be asked for an order and declaration following a Court hearing that the terms and conditions of the Arrangement are procedurally and substantially fair to the ZEUS Shareholders, which will, in part, serve as the basis for the Section 3(a)(10) Exemption. Before the mailing of this Circular, ZEUS obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. The Interim Order is provided in **Appendix C** to this Circular. If the Arrangement Resolution is passed at the Meeting in the manner required by the Interim Order, ZEUS intends to make an application to the Court for the Final Order at 9:45 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, on January 7, 2025 at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, or at any other date and time as the Court may direct. The Final Order is required for the Arrangement to become effective, and before the hearing of the Final Order, the Court will be informed that the Final Order will also constitute the basis for the Section 3(a)(10) Exemption with respect to the Spinco Shares, the ZEUS Class A Preferred Shares and the New ZEUS Shares to be issued pursuant to the Arrangement. The Court has broad discretion under the BCBCA when making orders with respect to the Arrangement and the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. There can be no guarantee that the Court will approve the Arrangement. Depending upon the nature of any required amendments and in accordance with the Arrangement Agreement, ZEUS or Spinco may determine not to proceed with the Arrangement.

Any ZEUS Shareholders who wish to appear or be represented and to present evidence or arguments at that hearing must file and serve a response to petition no later than 4:00 p.m. (Vancouver time) on **December 18, 2024** along with any other documents required, all as set out in the Interim Order and Notice of Hearing, the texts of which are set out in Appendices C and E to this Circular, and satisfy any other requirements of the Court. Such persons should consult with their legal advisor with respect to the legal rights available to them in relation to the Arrangement and as to the necessary requirements to assert any such rights.

## COMPLETION OF ARRANGEMENT

### Proposed Timetable for Arrangement

The anticipated timetable for the completion of the Arrangement and the key dates proposed are as follows:

Record Date:	October 31, 2024
Special Meeting:	December 19, 2024
Final Court Approval:	January 7, 2025

**The Share Distribution Record Date, Share Exchange Date/Effective Date, and the Mailing Date of the DRS Statements for the Spinco Shares will be determined by the Board of the Company and announced by a news release in advance after the Arrangement is approved by ZEUS Shareholders, the Supreme Court of British Columbia and accepted by the CSE.**

As soon as practicable after the Share Exchange Date/Effective Date, DRS Statements representing the appropriate number of Spinco Shares will be sent to all ZEUS Shareholders of record on the Share Distribution Record Date.

## Relationship Between the Company and Spinco After the Arrangement

There will be no changes to directors and management of the Company as a result of the Arrangement. The directors and management of the Company are expected to consist of the current directors and officers of the Company:

Dean Besserer	-	CEO and Director
Lawrence Cheung	-	CFO and Corporate Secretary
Jesse Hahn	-	Director
James McCrea	-	Director
Andreas Schleich	-	Director -

Currently, Mr. Jesse Hahn and Mr. Barry Hartley are two directors of Spinco. On completion of the Arrangement, Spinco will become a reporting Issuer and the directors and management of Spinco are expected to consist of the following:

Jesse Hahn,	-	CEO, Secretary and Director
Barry Hartley	-	CFO and Director
James McCrea	-	Director

Spinco will also appoint one additional independent director after becoming a reporting issuer.

## Distribution and Resale of Spinco Shares under Canadian Securities Laws

### *Exemption from Canadian Prospectus Requirements and Resale Restrictions*

The distribution of the Spinco Shares pursuant to the Arrangement is expected to constitute a distribution of securities that is exempt from the prospectus requirements of Canadian Securities Laws and is exempt from or otherwise is not subject to the registration requirements under applicable Canadian Securities Laws. The Spinco Shares received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a “control distribution” as defined in National Instrument 45-102 *Resale of Securities* of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the Spinco Shares, as the case may be, (iii) no extraordinary commission or consideration is paid to a person or company in respect of such sale, and (iv) if the selling security holder is an insider or officer of Spinco, the selling security holder has no reasonable grounds to believe that Spinco is in default of applicable Canadian Securities Laws.

**The foregoing discussion is only a general overview of the requirements of Canadian Securities Laws for the resale of the Spinco Shares received upon completion of the Arrangement. All holders of ZEUS Shares are urged to consult with their own legal counsel to ensure that any resale of their Spinco Shares complies with applicable securities legislation.**

### United States Securities Laws Considerations

**The following discussion is only a general overview of certain requirements of United States Securities Laws applicable to the securities received upon completion of the Arrangement. All holders of securities received in connection with the Arrangement are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.**

The Spinco Shares, ZEUS Class A Preferred Shares and New ZEUS Shares to be issued to the ZEUS Shareholders under the Arrangement have not been registered under the U.S. Securities Act, or under the securities laws of any state of the United States, and will be issued to ZEUS Shareholders resident in the United States in reliance on the Section 3(a)(10) Exemption on the basis of the approval of the Arrangement by the Court, and pursuant to available exemptions from registration under applicable state securities laws. The Court will be advised that the Court’s approval, if obtained, will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act.

The following discussion is a general overview of certain requirements of federal U.S. Securities Laws that may be applicable to ZEUS Shareholders in the United States. All ZEUS Shareholders in the United States are urged to consult with their own legal counsel to ensure that any subsequent resale of Spinco Shares and New ZEUS Shares to be received pursuant to the Arrangement complies with applicable Securities Laws, including state blue-sky laws that may be applicable to the Spinco Shares and New ZEUS Shares received under the Arrangement.

The discussions presented herein do not address the U.S. Securities Laws for persons who are “affiliates” of Spinco other than as expressly referenced herein. The definition of “affiliates” for such purpose is set forth under *U.S. Resale Restrictions – Securities Issued to ZEUS Shareholders* below. Further information applicable to ZEUS Shareholders in the United States is disclosed under *Information Concerning Forward-Looking Statements – Notes to United States Shareholders* and *General Proxy Information - Notice to United States Shareholders*.

The following discussion does not address the Canadian Securities Laws that will apply to the issue of Spinco Shares and New ZEUS Shares into the United States or the resale of these securities within Canada by ZEUS Shareholders in the United States. ZEUS Shareholders in the United States reselling their Spinco Shares or New ZEUS Shares in Canada must comply with Canadian Securities Laws, as outlined elsewhere in this Circular, and should confirm that any such sales comply with an exemption from registration under the U.S. Securities Act, as further discussed below.

#### *U.S. Resale Restrictions – Securities Issued to ZEUS Shareholders*

The Spinco Shares and New ZEUS Shares issued to a ZEUS Shareholder who is an “affiliate” of either the Company or Spinco prior to the Arrangement or will be an “affiliate” of Spinco or the Company after the Arrangement will be subject to certain restrictions on resale imposed by the U.S. Securities Act. Pursuant to Rule 144 under the U.S. Securities Act, an “affiliate” of an issuer for the purposes of the U.S. Securities Act is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer.

#### *Exemption from the Registration Requirements of the U.S. Securities Act*

The offer and sale of Spinco Shares, ZEUS Class A Preferred Shares and New ZEUS Shares to be received by ZEUS Shareholders pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the Securities Laws of any state of the United States and will be issued in reliance upon the Section 3(a)(10) Exemption and exemptions provided under the Securities Laws of each state of the United States in which ZEUS Shareholders reside, described above as “state blue-sky laws”. The Section 3(a)(10) Exemption exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration under the U.S. Securities Act where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the procedural and substantive fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the procedural and substantive fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on November 5, 2024 and, subject to the approval of the Arrangement by the ZEUS Shareholders, a hearing in respect of the Final Order for the Arrangement will be held on January 7, 2025 at 9:45 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, before the Court at the courthouse at 800 Smith Street, Vancouver, British Columbia. All ZEUS Shareholders are entitled to appear and be heard at this hearing. Accordingly, the Final Order will, if granted, constitute the basis for reliance on the Section 3(a)(10) Exemption with respect to the Spinco Shares, ZEUS Class A Preferred Shares and New ZEUS Shares to be received by ZEUS Shareholders in exchange for their ZEUS Shares pursuant to the Arrangement. To the extent state blue-sky laws are applicable to any offers or sales of Spinco Shares made in any state or territory of the United States, Spinco will rely on available exemptions under such laws.

#### *Resales of New ZEUS Shares by Affiliates Pursuant to Rule 144*

In general, pursuant to Rule 144, persons who are “affiliates” of the Company after the Effective Date, or were “affiliates” of the Company within 90 days prior to the Effective Date, will be entitled to sell in the United States those New ZEUS Shares that they receive pursuant to the Arrangement, provided that, during any three-month period, the number of such securities sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange and/or reported through the automated quotation system of a U.S. registered securities association, the average weekly trading volume of such securities during the four calendar week period preceding the date of sale (or such other applicable date specified in Rule 144), subject to specified restrictions on manner of sale requirements, aggregation rules, notice filing requirements, the availability of current public information about the issuer required under Rule 144 and the shell company limitations set forth in Rule 144. Persons who are “affiliates” of the Company after the Effective Date or who were “affiliates” of the Company during the 90-day period prior to the Effective Date should consult with their respective securities counsel before engaging in offers or sales of New ZEUS Shares issued pursuant to the Arrangement.

#### *Resales of Spinco Shares by Affiliates Pursuant to Rule 144*

In general, pursuant to Rule 144, persons who are “affiliates” of Spinco after the Effective Date, or were “affiliates” of Spinco within 90 days prior to the Effective Date, will be entitled to sell in the United States those Spinco Shares that they receive pursuant to the Arrangement, provided that, during any three-month period, the number of such securities sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange and/or reported through the automated quotation system of a U.S. registered securities association, the average weekly trading volume of such securities during the four calendar week period preceding the date of sale (or such other applicable date specified in Rule 144), subject to specified restrictions

on manner of sale requirements, aggregation rules, notice filing requirements, the availability of current public information about the issuer required under Rule 144 and the shell company limitations set forth in Rule 144. Persons who are “affiliates” of Spinco after the Effective Date or who were “affiliates” of Spinco during the 90-day period prior to the Effective Date should consult with their respective securities counsel before engaging in offers or sales of Spinco Shares issued pursuant to the Arrangement.

#### *Resales of New ZEUS Shares by Affiliates Pursuant to Regulation S*

In general, pursuant to Regulation S, if at the Effective Date the Company is a “foreign issuer” (as defined in Regulation S under the U.S. Securities Act), persons who are “affiliates” of the Company after the Effective Date, or were “affiliates” of the Company within 90 days prior to the Effective Date, solely by virtue of their status as an officer or director of the Company, may sell their New ZEUS Shares outside the United States in an “offshore transaction” (which would include a sale through the CSE) if none of the seller, an “affiliate” of the seller or any person acting on their behalf engages in “directed selling efforts” in the United States with respect to such securities and provided that no selling concession, fee or other remuneration is paid in connection with such sale other than the usual and customary broker’s commission that would be received by a person executing such transaction as agent.

For purposes of Regulation S, “directed selling efforts” means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered.

Also, for purposes of Regulation S, an offer or sale of securities is made in an “offshore transaction” if the offer is not made to a person in the United States and either (a) at the time the buy order is originated, the buyer is outside the United States, or the seller reasonably believes that the buyer is outside of the United States, or (b) the transaction is executed in, on or through the facilities of a “designated offshore securities market” (which would include a sale through the CSE), and neither the seller nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States.

Certain additional restrictions set forth in Regulation S are applicable to sales outside the United States by a holder of New ZEUS Shares who is an “affiliate” of the Company after the Effective Date, or was an “affiliate” of the Company within 90 days prior to the Effective Date, other than by virtue of his or her status as an officer or director of the Company.

#### *Resales of Spinco Shares by Affiliates Pursuant to Regulation S*

In general, pursuant to Regulation S, if at the Effective Date Spinco is a “foreign issuer” (as defined in Regulation S under the U.S. Securities Act), persons who are “affiliates” of Spinco after the Effective Date, or were “affiliates” of Spinco within 90 days prior to the Effective Date, solely by virtue of their status as an officer or director of Spinco, may sell their Spinco Shares outside the United States in an “offshore transaction” (as discussed above, which would include a sale through the CSE) if none of the seller, an “affiliate” of the seller or any person acting on their behalf engages in “directed selling efforts” (as defined above) in the United States with respect to such securities and provided that no selling concession, fee or other remuneration is paid in connection with such sale other than the usual and customary broker’s commission that would be received by a person executing such transaction as agent.

Certain additional restrictions set forth in Regulation S are applicable to sales outside the United States by a holder of Spinco Shares who is an “affiliate” of Spinco after the Effective Date, or was an “affiliate” of Spinco within 90 days prior to the Effective Date, other than by virtue of his or her status as an officer or director of Spinco.

#### *Additional Information for U.S. Security Holders*

**THE SECURITIES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR AND ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

This Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Residents of the United States should be aware that such requirements are different than those of the United States applicable to proxy statements under the U.S. Exchange Act. Likewise, information concerning the Company and Spinco have been prepared in accordance with Canadian standards and may not be comparable to similar information for United States companies.

ZEUS Shareholders should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. See *Certain Canadian Income Tax Considerations – Holders Not Resident in*



*Canada* for certain information concerning United States tax consequences of the Arrangement for investors who are resident in, or citizens of, the United States.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company and Spinco are incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and any experts named herein may be residents of a foreign country, and that all or a substantial portion of the Assets of the Company and Spinco and said persons may be located outside the United States.

### **Expenses of Arrangement**

Pursuant to the Arrangement Agreement, the costs relating to the Arrangement, including without limitation, financial, advisory, accounting, and legal fees will be paid by ZEUS.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular ZEUS Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. No representation with respect to the Canadian federal income tax consequences to any particular ZEUS Shareholder is made herein. Accordingly, ZEUS Shareholders should consult their own tax advisors with respect to their particular circumstances including, where relevant, the application and effect of the income and other taxes of any country, province, territory, state or local tax authority.**

The following summarizes the principal Canadian federal income tax considerations relating to the Arrangement applicable to a ZEUS Shareholder (in this summary, a “**Holder**”) who, at all material times for purposes of the Tax Act:

- holds all ZEUS Shares, and will hold all Spinco Shares;
- solely as capital property;
- deals at arm’s length with ZEUS and Spinco;
- is not “affiliated” with the Company or Spinco;
- is not a “financial institution” for the purposes of the mark-to-market rules in the Tax Act; and
- has not acquired ZEUS Shares on the exercise of an employee stock option.

ZEUS Shares and Spinco Shares generally will be considered to be capital property of the Holder unless the Holder holds the shares in the course of carrying on a business or acquired them in a transaction considered to be an adventure in the nature of trade.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”) and management’s understanding of the current administrative practices and policies of the Canada Revenue Agency (the “**CRA**”). This summary does not take into account any provincial, territorial, or foreign income tax considerations which may differ from the Canadian federal income tax considerations discussed below. An advance income tax ruling will not be sought from the CRA in respect of the Arrangement.

This summary also assumes that at the Effective Date under the Arrangement and all other material times thereafter, the paid-up capital of the ZEUS Shares as computed for the purposes of the Tax Act will not be less than the fair market value of the Assets to be transferred to Spinco pursuant to the Arrangement, and is qualified accordingly.

This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, and should not be construed to be, legal or tax advice to any ZEUS Shareholder. **Accordingly, Holders should each consult their own tax and legal advisers for advice as to the income tax consequences of the Arrangement applicable to them in their particular circumstances.**

### **Holders Resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the application of the Tax Act is, or is deemed to be, resident in Canada (a “**Resident Holder**”). Certain Resident Holders whose ZEUS Shares or Spinco Shares might not otherwise qualify as capital property may be entitled to have such shares, and every other “Canadian security” (as defined in the Tax Act) owned by them in the taxation year and any subsequent taxation year, deemed to be capital property by making an irrevocable election in accordance with subsection 39(4) of the Tax Act. Resident Holders considering making such an election should consult their own tax advisors for advice as to whether the election is available or advisable in their own particular circumstances.

### *Exchange of ZEUS Shares for New ZEUS Shares and ZEUS Class A Preferred Shares*

A Resident Holder whose ZEUS Class A Common Shares (the re-designated ZEUS Shares) are exchanged for New ZEUS Shares and ZEUS Class A Preferred Shares pursuant to the Arrangement will not realize any capital gain or loss because of the exchange. The Resident Holder will be required to allocate the adjusted cost base (“ACB”) of the Resident Holder’s ZEUS Shares, determined immediately before the Arrangement, *pro rata* to the New ZEUS Shares and ZEUS Class A Preferred Shares received on the exchange based on the relative fair market value of those New ZEUS Shares and ZEUS A Preferred Shares immediately after the exchange. The fair market value of the ZEUS Class A Common Shares and the New ZEUS Shares is a question of fact to be determined having regard to all of the relevant circumstances.

### *Redemption of ZEUS Class A Preferred Shares*

Pursuant to the Arrangement, the paid-up capital of the ZEUS Class A Common Shares immediately before their exchange for New ZEUS Shares and ZEUS Class A Preferred Shares will be allocated to the ZEUS Class A Preferred Shares to be issued on the exchange to the extent of an amount equal to the fair market value of the Spinco Shares to be issued to ZEUS pursuant to the Arrangement in consideration for the Assets and the balance of such paid-up capital will be allocated to the New ZEUS Shares to be issued on the exchange.

The Company expects that the fair market value of the Spinco Shares to be so issued will be materially less than the paid-up capital of the ZEUS Class A Common Shares immediately before the exchange. Accordingly, the Company is not expected to be deemed to have paid, and no Resident Holder is expected to be deemed to have received, a dividend as a result of the distribution of Spinco Shares on the redemption of the ZEUS Class A Preferred Shares pursuant to the Arrangement.

Each Resident Holder whose ZEUS Class A Preferred Shares are redeemed for Spinco Shares pursuant to the Arrangement will realize a capital gain (capital loss) equal to the amount, if any, by which the fair market value of the Spinco Shares less reasonable costs of disposition, exceed (are exceeded by) their ACB immediately before the redemption. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below. See *Taxation of Capital Gains and Losses* below.

The cost to a Resident Holder of ZEUS Class A Preferred Shares acquired on the exchange will be equal to the fair market value of the Spinco Shares at the time of their distribution.

### *Disposition of New ZEUS Shares and Spinco Shares*

A Resident Holder who disposes of a New ZEUS Share and Spinco Share will realize a capital gain (capital loss) equal to the amount by which the proceeds of disposition of the share, less reasonable costs of disposition, exceed (are exceeded by) the ACB of the share to the Resident Holder determined immediately before the disposition. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below.

### *Disposition of Spinco Shares*

A Resident Holder who disposes of a Spinco Share will realize a capital gain (capital loss) equal to the amount by which the proceeds of disposition of the share, less reasonable costs of disposition, exceed (are exceeded by) the ACB of the share to the Resident Holder determined immediately before the disposition. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below.

### *Taxation of Capital Gains and Losses*

A Resident Holder who realizes a capital gain (capital loss) in a taxation year must include one half of the capital gain (“**taxable capital gain**”) in income for the year, and may deduct one half of the capital loss (“**allowable capital loss**”) against taxable capital gains realized in the year, and to the extent not so deductible, against taxable capital gains arising in any of the three preceding taxation years or any subsequent taxation year.

The amount of any capital loss arising from a disposition or deemed disposition of a ZEUS Class A Preferred Share, New ZEUS Share and Spinco Share by a Resident Holder that is a corporation may, to the extent and under circumstances specified in the Tax Act, be reduced by the amount of certain dividends received or deemed to be received by the corporation on the share. Similar rules may apply if the corporation is a member of a partnership or beneficiary of a trust that owns shares, or where a partnership or trust of which the corporation is a member or beneficiary is a member of a partnership or a beneficiary of a trust that owns shares.

A Resident Holder that is a “Canadian-controlled private corporation” for the purposes of the Tax Act may be required to pay an additional 6⅔% refundable tax in respect of any net taxable capital gain that it realizes on disposition of a ZEUS Class A Preferred Share, New ZEUS Share and Spinco Share.

### *Taxation of Dividends on Spinco Shares*

A Resident Holder who is an individual will be required to include in income any dividends received or deemed to be received on the Resident Holder's Spinco Shares and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by Spinco as "eligible dividends", as defined in the Tax Act. There may be limitations on the ability of Spinco to designate dividends as eligible dividends.

A Resident Holder that is a corporation will be required to include in income any dividend that it receives or is deemed to be received on the Resident Holder's Spinco Shares and generally will be entitled to deduct an equivalent amount in computing its taxable income. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A "private corporation" or a "subject corporation" (as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on any dividend that it receives or is deemed to receive on Spinco Shares to the extent that the dividend is deductible in computing the corporation's taxable income.

Taxable dividends received by an individual or trust, other than certain specified trust, may give rise to minimum tax under the Tax Act.

### *Alternative Minimum Tax on Individuals*

A capital gain realized, or deemed to be realized, by a Resident Holder who is an individual (including certain trusts and estates) may give rise to liability to alternative minimum tax under the Tax Act.

### *Dissenting Resident Holders*

A Resident Holder who exercises Dissent Rights in respect of the Arrangement (a "**Dissenting Resident Holder**") and who disposes of ZEUS Shares in consideration for a cash payment from ZEUS will be deemed to have received a dividend from ZEUS equal to the amount by which the cash payment (other than any portion of the payment that is interest awarded by a court) exceeds the paid-up capital (computed for the purpose of the Tax Act) of the Dissenting Resident Holder's ZEUS Shares. The balance of the payment (equal to the paid-up capital of the Dissenting Resident Holder's ZEUS Shares) will be treated as proceeds of disposition. The Dissenting Resident Holder will also realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Dissenting Resident Holder's ZEUS Shares. In certain circumstances, the full payment received by a Dissenting Resident Holder that is a corporation resident in Canada may be treated under the Tax Act as proceeds of disposition.

Any deemed dividend received by a Dissenting Resident Holder and any capital gain or capital loss realized by the Dissenting Resident Holder, will be treated in the same manner as described under "*Dividends on Spinco Shares*" and "*Taxation of Capital Gains and Capital Losses*" below.

A Dissenting Resident Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement. In addition, a Dissenting Resident Holder that, throughout the relevant taxation year, is a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act), including any taxable capital gains and interest income. Dissenting Resident Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

### **Registered Investment Accounts**

Immediately after the completion of the Arrangement, the Spinco Shares will not be listed on a qualified exchange, and will not qualify to be held in registered investment accounts such as Registered Retirement Savings Plan (RRSP) or Tax Free Savings (TFS) accounts. Therefore, the shareholders need to make arrangements that the Spinco Shares are not deposited in the registered investment accounts unless the Spinco Shares are listing on a qualified exchange.

### **Other Tax Considerations**

**This Circular does not address any tax considerations of the Arrangement other than certain Canadian income tax considerations. Holders of securities who are resident in jurisdictions other than Canada should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements in such jurisdictions and with respect to the tax implications in such jurisdictions of owning shares after the Arrangement. Holders of securities should also consult their own tax advisors regarding provincial, territorial or state tax considerations of the Arrangement or of holding Spinco Shares.**

## **Holders Not Resident in Canada**

**No legal opinion from U.S. legal counsel or ruling from the United States Internal Revenue Service or any other foreign tax authority has been requested, or will be obtained, regarding the U.S. federal income tax or any other foreign tax consequences of the Arrangement. Shareholders who are subject to U.S. taxation should consult with their own professional advisers with regard to the Arrangement's U.S. tax implications. Shareholders who are non-residents of Canada should consult with their own professional advisers with regard to the Arrangement's tax implications in their countries of residence.**

## **RIGHTS OF DISSENT**

### **Dissenters' Rights**

Pursuant to the BCBCA, terms of the Interim Order and the Plan of Arrangement, the ZEUS Shareholders who object to the Arrangement Resolution have the right to dissent (the **"Dissent Right"**) in respect of the Arrangement. A Dissenting Shareholder will be entitled to be paid in cash the fair value of the Dissenting Shareholder's ZEUS Shares so long as the dissent procedures are strictly adhered to. The Dissent Right is granted in Article 5 of the Plan of Arrangement. **A registered Dissenting Shareholder who intends to exercise the Dissent Right is referred to the full text of Sections 237 to 247 of the BCBCA which is attached as Appendix D to this Circular.**

A ZEUS Shareholder who wishes to exercise his or her Dissent Right must give written notice of his or her dissent (a **"Notice of Dissent"**) to the Company at its head office at 1100 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5, Canada, marked to the attention of the CEO, by delivering the Notice of Dissent to the Company by 11:00 a.m. (Vancouver time) on December 17, 2024, or two business days prior to the date of the Meeting or any date to which the Meeting may be postponed or adjourned.

The giving of a Notice of Dissent does not deprive a Dissenting Shareholder of his or her right to vote at the Meeting on the Arrangement Resolution. However, the procedures for exercising Dissent Rights given in **Appendix D** must be strictly followed as a vote against the Arrangement Resolution or the execution or exercise of a Proxy voting against the Arrangement Resolution does not constitute a Notice of Dissent.

ZEUS Shareholders should be aware that they will not be entitled to exercise a Dissent Right with respect to any ZEUS Shares if they vote (or instruct or are deemed, by submission of any incomplete Proxy, to have instructed his or her Proxy holder to vote) in favour of the Arrangement Resolution. A Dissenting Shareholder may, however, vote as a proxyholder for a ZEUS Shareholder whose Proxy requires an affirmative vote on the Arrangement Resolution, without affecting his or her right to exercise the Dissent Right.

In the event that a ZEUS Shareholder fails to perfect or effectively withdraws its claim under the Dissent Right or forfeits its right to make a claim under the Dissent Right, each ZEUS Share held by that ZEUS Shareholder will thereupon be deemed to have been exchanged in accordance with the terms of the Arrangement as of the Effective Date.

**ZEUS Shareholders who wish to exercise Dissent Rights should review the dissent procedures described in Appendix D and seek legal advice, as failure to adhere strictly to the Dissent Right requirements will result in the loss or unavailability of any right to dissent.**

## **INFORMATION CONCERNING THE COMPANY**

### **Name, Address and Incorporation**

The Company was incorporated on October 15, 2014 under the BCBCA under the name MJ Bioscience Corp. On August 21, 2020, the Company changed its name to Penn Capital Inc. On March 25, 2022, the Company changed its name to Umdoni Exploration Inc. On February 23, 2024, the Company changed its name to Zeus North America Mining Corp.

The head office of the Company is located at 1100 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5, Canada.

The registered and records office of the Company is located at 830 - 999 West Broadway, Vancouver, British Columbia, V5Z 1K5, Canada.

### **Intercorporate Relations**

The Company has two subsidiaries incorporated in British Columbia - Kelso Mining Inc. and 1273180 B.C. Ltd.

Kelso Mining Inc. was incorporated under the BCBCA on January 4, 2021 under the name Kelso Capital Inc.. It changed its name to Kelso Mining Inc. on August 13, 2024. Its authorized share capital consists of an unlimited number of common shares without par value without special rights and restrictions attached. Kelso Mining Inc. has one

common share issued and outstanding and does not have any other securities issued and outstanding. ZEUS owns the one common share which represents 100% of the issued and outstanding common shares of Kelso Mining Inc. Kelso Mining Inc. does not conduct any business activities. It is used for the Plan of Arrangement and is referred in this Circular as Spinco. Its head office is the same as the head office of ZEUS. Its registered and records office is located at 401 - 750 West Pender St., Vancouver, BC V6C 2T7, Canada.

1273180 B.C. Ltd. was incorporated under the BCBCA on November 4, 2020. Its authorized share capital consists of an unlimited number of common shares without par value without special rights and restrictions attached. 1273180 B.C. Ltd. has 7,000,000 common shares issued and outstanding and does not have any other securities issued and outstanding. ZEUS owns the 7,000,000 common shares which represent 100% of the issued and outstanding common shares of 1273180 B.C. Ltd. Its registered, records and head offices are the same as of ZEUS. 1273180 B.C. Ltd. through CJ-1 LLC, its wholly owned limited liability subsidiary organized under the laws of Montana, owns mineral exploration properties in Idaho State.

### **Available Information**

The Company files reports, financial statements, management discussion and analysis and other information with Canadian provincial securities commissions. These reports and information are available to the public free of charge on ZEUS' SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

### **Business of the Company**

The Company is in the business of mineral exploration. The Company is focused on its exploration properties in the state of Idaho known as the: Cuddy Mountain; Selway; and Great Western properties, respectively. The Idaho properties consist of 102 (Cuddy Mountain), 57 (Selway) and 38 (Great Western) lode mining claims respectively and cover a cumulative area of approximately 4,200 acres (the "Properties"). The Company's flagship Cuddy Mountain Property is adjacent to Hercules Metals' Leviathan Copper Porphyry discovery. All these three properties will stay in the Company after the Arrangement.

The Company also owns the Chlore Property, which will be transferred to Spinco pursuant to the Arrangement.

Please also see : 1) the Company's audited consolidated financial statements for the year ended October 31, 2023 attached as **Appendix G**; 2) the Company's condensed interim consolidated financial statements for the period ended July 31, 2024 attached as **Appendix H**; and 3) The Company's pro-forma consolidated financial statements as of July 31, 2024 attached as **Appendix K**.

### **Business of the Company Following the Arrangement**

Following completion of the Arrangement, (i) Spinco will hold the Assets transferred to it by ZEUS, (ii) Spinco will become a reporting issuer in the Provinces of British Columbia and Alberta, (iii) all ZEUS Shareholders will have become Spinco Shareholders, and (iv) the Company will retain its working capital for its Assets, and remain listed on the CSE and continue to trade under the trading symbol, ZEUS, as a junior exploration company. The Company will continue its business as a mineral exploration company and will continue to explore its Cuddy Mountain, Selway and Great Western properties in Idaho.

### **Selected Consolidated Financial Information**

The following table sets forth summary financial information of the Issuer from the audited financial statements for the years ended October 31, 2022 and October 31, 2023. This summary financial information should only be read in conjunction with the Issuer's financial statements, including the notes thereto, included elsewhere in this Circular.

All of the information presented in the management's discussion and analysis is based on the annual financial statements, which were prepared in accordance with IFRS. All amounts included in the management's discussion and analysis are expressed in Canadian dollars, unless otherwise indicated.

## Annual Information

	Year ended October 31, 2022	Year ended October 31, 2023
Revenue	-	-
Total Assets	\$95,156	\$351,082
Net Loss	\$95,372	\$99,903
Basic and diluted loss per share	\$0.02	\$0.01

## Quarterly Information

The following table provides information for the eight most recently completed quarters ending at the end of the most recently completed financial year and have to be read in conjunction with the Issuer's financial statements, including the notes thereto, included elsewhere in this Information Circular.

	As at October 31, 2022	As at January 31, 2023	As at April 30, 2023	As at July 31, 2023	As at October 31, 2023	As at January 31, 2024	As at April 30, 2024	As at July 31, 2024
Cash	\$9,905	\$270,075	\$254,396	\$231,574	\$167,192	\$112,170	\$890,509	\$326,591
Amounts Receivable, Prepaid Expenses and Deferred Financing costs	\$9,103	\$3,608	\$3,786	\$4,277	\$9,559	\$20,549	\$357,560	\$133,022
Exploration and Evaluation Assets	\$79,148	\$79,148	\$81,548	\$81,548	\$174,331	\$194,894	\$3,329,275	\$4,516,208
Equipment	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$39,529
<b>Total Assets</b>	\$98,156	\$352,831	\$339,730	\$317,399	\$351,082	\$327,613	\$4,577,344	\$5,015,350
Accounts Payable and Accrued Liabilities	\$25,590	\$28,728	\$38,469	\$30,225	\$77,242	\$69,782	\$165,322	\$1,068,144
Loans payable	\$171,007	\$172,721	\$177,057	\$181,706	\$183,351	\$188,363	\$Nil	\$Nil
<b>Total Liabilities</b>	\$196,597	\$201,449	\$215,526	\$211,931	\$260,593	\$258,145	\$165,322	\$1,068,144

	As at October 31, 2022	As at January 31, 2023	As at April 30, 2023	As at July 31, 2023	As at October 31, 2023	As at January 31, 2024	As at April 30, 2024	As at July 31, 2024
Share Capital	\$448,009	\$736,842	\$736,842	\$736,842	\$736,842	\$736,842	\$5,209,347	\$5,209,347
Contributed Surplus	\$35,960	\$35,960	\$35,960	\$35,960	\$35,960	\$35,960	\$456,558	\$484,647
Foreign Translation Reserve	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$7,084	\$13,600
Accumulated Deficit	\$(582,410)	\$(621,420)	\$(648,598)	\$(667,334)	\$(682,313)	\$(703,334)	\$(1,260,967)	\$(1,760,388)
<b>Total Shareholders' Equity/Deficie ncy</b>	\$(98,441)	\$151,382	\$124,204	\$105,468	\$90,489	\$69,468	\$4,412,022	\$3,947,206
<b>Total Liabilities and Shareholders' Equity/Deficie ncy</b>	\$98,156	\$352,831	\$339,730	\$317,399	\$351,082	\$327,613	\$4,577,344	\$5,015,350

### Dividends or Capital Distributions

ZEUS has not declared or paid any cash dividends or capital distributions on the ZEUS Shares since incorporation. For the immediate future, ZEUS does not envisage any earnings arising from which dividends could be paid. Any decision to pay dividends on ZEUS Shares in the future will be made by the Board based on the earning, financial requirements and other conditions existing at such time.

### Management Discussion and Analysis

The management discussion and analysis for the most recent annual financial statements for the period ending October 31, 2023 and the interim period ending July 31, 2024 are available on [www.sedarplus.ca](http://www.sedarplus.ca) under the profile of the Company.

### Comparative Market Prices of ZEUS Shares

The ZEUS Shares are listed and posted for trading on the CSE under the symbol “ZEUS”. The following tables set forth information relating to the trading of the ZEUS Shares on the CSE for the twelve-month period preceding the Record Date.

Month	High (\$)	Low (\$)	Volume
October 2023	0.185	0.160	4,398
November 2023	0.160	0.127	6,124
December 2023	0.135	0.130	9,998
January 2024	0.130	0.117	2,000
February 2024	0.190	0.117	6,000
March 2024	0.500	0.132	64,590
April 2024	0.405	0.250	1,710,536

Month	High (\$)	Low (\$)	Volume
May 2024	0.400	0.300	261,148
June 2024	0.360	0.190	569,847
July 2024	0.350	0.250	80,984
August 2024	0.270	0.250	63,538
September 2024	0.300	0.245	95,756

### Consolidated Capitalization

As of the Issuer's most recently completed audited financial year ended October 31, 2023, the Company had 17,938,898 <sup>(1)</sup> Common Shares issued and outstanding.

The following table sets forth the share and loan capital of the Issuer at the dates shown below. The table should be read in conjunction with, and is qualified in its entirety by the Issuer's audited financial statements as of October 31, 2023.

	Outstanding as at October 31, 2023 (audited)	Outstanding as of the date of this Listing Statement (unaudited)
Common shares	17,938,898 <sup>(1)</sup>	59,203,298
Options	Nil	2,700,000
Warrants	6,000,000 <sup>(1)</sup>	31,612,280

<sup>(1)</sup> On March 1, 2024, the Company implemented a share split on the basis of one to two. The share split is reflected in the number of securities.

### Description of the Securities

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value and without any special rights and restrictions attached. Each common share is equal to every other common share and entitles its holder to one vote.

### Prior Sales

The following table contains details of the prior sales of the securities of the Company within the 12 months prior to the date of this Circular.

Date Issued	Number of Securities <sup>(1)</sup>	Issue Price Per Security	Aggregate Issue Price	Reason for Issuance
February 12, 2024	20,000,000 units (1 common share and 1 share purchase warrant)	\$0.10	\$2,000,000	Non-brokered private placement
March 28, 2024	1,000,000 common shares	\$0.06	\$60,000	Warrant exercise
April 23, 2024	600,000 common shares	\$0.06	\$36,000	Warrant exercise
September 6, 2024	5,664,400 units (1 common share and 1 share purchase warrant)	\$0.25	\$1,416,600	Non-brokered private placement
<b>Total:</b>			<b>\$3,512,600</b>	

<sup>(1)</sup> On March 1, 2024, the Company implemented a share split on the basis of one to two. The share split is reflected in the number of securities.



## Escrowed Securities

Upon listing of the ZEUS Shares on the CSE, 3,297,564 (on the 1 to 2 post-split basis) ZEUS Shares of one former director and officer and one current director were placed in escrow pursuant to the Escrow Agreement dated December 7, 2022, which is available on [www.sedarplus.ca](http://www.sedarplus.ca) under the profile of the Company. 10% of the escrowed shares were released on December 13, 2022 upon listing of the ZEUS Shares on the CSE and the remaining escrowed shares are being released in equal tranches of 15% every six months for a period of 36 months. As of the date of this Circular, 2,967,810 ZEUS Shares remain in escrow.

## Directors and Officers

The following table sets out the names of the persons, the positions and offices which they presently hold with ZEUS their respective principal occupations or employments during the past five years and securities that are beneficially owned, directly or indirectly, or over which control or direction is exercised:

Name and place of residence	Principal occupation	Director since	Number of shares <sup>(1)</sup>	Number of Convertible Securities
<b>Dean Jerry Besserer</b> <sup>(2)</sup> AB, Canada <i>CEO, President &amp; Director</i>	Professional Geologist and Consultant (1998 – present)	February 22, 2024	2,161,539	560,000 Warrants 2,000,000 Stock Options
<b>Lawrence Cheung</b> BC, Canada <i>CFO</i>	Controller at Malaspina Consultants Inc. since January 2023, Assistant Controller at Malaspina Consultants Inc. from September 2021 to December 2022, Senior associate at PwC Canada from August 2020 to September 2021, Associate at PwC Canada from October 2018 to August 2020.		20,000	20,000 Warrants
<b>James McCrea</b> <sup>(2)</sup> BC, Canada <i>Director</i>	Independent Geologist (2009 – present)	July 27, 2018	Nil	100,000 Stock Options
<b>Jesse Hahn</b> <sup>(2)</sup> AB, Canada <i>Director</i>	Self-Employed Businessperson at Natural Fibre Technologies Ltd.; Consultant / Agrologist	June 1, 2016	640,000	100,000 Stock Options
<b>Andreas Schleich</b> <sup>(2)</sup> BC, Canada <i>Director</i>	CEO, Greenbank Ventures Inc. (2019 – present); Director, Margaret Lake Diamonds Inc. (2022 – present)	July 4, 2023	Nil	100,000 stock options

### Notes:

<sup>(1)</sup> Information as to ownership of the securities of the Company has been provided by the directors and officers of the Company.

<sup>(2)</sup> Member of the Audit Committee.

The current directors and officers of the Company will continue to be the directors and officers of the Company upon completion of the Arrangement.

### **Corporate Cease Trade Orders or Bankruptcies**

Other than as disclosed in this Circular, no director or officer, within 10 years before the date of this Circular, has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively an “**Order**”) and that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or officer, within 10 years before the date of this Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On March 8, 2016, the British Columbia Securities Commission (the “**BCSC**”) issued a cease trade order (the “**CTO**”) against the Company, its directors, officers and insiders for failure of the Company to file its audited financial statements and management’s discussion & analysis and related certifications for the years ended October 31, 2015, October 31, 2016 and October 31, 2017 (collectively, the “**Financial Materials**”). On March 11, 2016, the Ontario Securities Commission (the “**OSC**”) issued the CTO against the Company, its directors, officers and insiders for failure of the Company to file the Financial Materials. Mr. Jesse Hahn was not a director or officer of the Company at the time the CTO was issued and became a director and officer of the Company after the CTO was issued and before the CTO was revoked. The Company filed the 2016 Financial Materials with the applicable securities commissions and the CTO was lifted by both the BCSC and the OSC on June 19, 2018. At the time the CTO was issued, the Company was operating under the name MJ Bioscience Corp.

### ***Personal Bankruptcies***

None of the directors or officers of the Company have, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

### ***Penalties and Sanctions***

None of the directors or officers of the Company have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Audit Committee Disclosure**

National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) requires that certain information regarding the Audit Committee of a “venture issuer” (as that term is defined in NI 52-110) be included in the management information circular sent to shareholders in connection with the Company’s annual meeting. The Company is a “venture issuer” for the purposes of NI 52-110.

### ***Audit Committee Charter***

The full text of the charter of the Company’s Audit Committee Charter is attached as Appendix “F” to this Circular (the “**Audit Committee Charter**”).

### ***Composition of Audit Committee***

The Company has an Audit committee (the “**Audit Committee**”), which consists of Andreas Schleich, James McCrea and Jesse Hahn. Andreas Schleich and James McCrea are considered independent. Mr. Jesse Hahn is a former CEO and is not considered independent. James McCrea is the chair of the Audit Committee.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a member’s independent judgment.

All members of the audit committee are considered to be financially literate. They have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

#### *Relevant Education and Experience*

All of the Audit Committee members are senior-level businesspeople with experience in financial matters. Each has an understanding of accounting principles used by the Company to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavour. In addition, each of the members of the Audit Committee have knowledge of the role of an audit committee in the realm of reporting companies from their years of experience as directors of public companies other than the Company.

**James McCrea** – Mr. McCrea has been a professional geoscientist since 1994, and he is a member in good standing with Geoscientists Canada. He has held director and Qualified Person (P.Geo) positions with numerous companies. He gained financial literacy through experience. In accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Project, he is considered a Qualified Person.

**Jesse Hahn** – Mr. Hahn holds a BSc in Environmental Science with a focus on Environmental Economics & Policy. He brings over a decade of experience in agrology, waste management, reclamation and business development in emerging technology industries. He is a Professional Agrologist in good standing with the Alberta Institute of Agrologists. He gained financial literacy through education and experience.

**Andreas Schleich** – Mr. Schleich comes with over 20 years of international experience as a senior executive with both private and public companies. Over the course of his career, he has held several C-level management positions in multicultural and global environments in Germany, Denmark, Mexico and Canada. He holds a BBA in marketing and international business. He gained financial literacy through education and experience.

#### *Audit Committee Oversight*

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

#### *Reliance on Exemptions in NI 52-110*

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- 1) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit); or
- 2) an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (Exemptions) of NI 52-110.

The Company is a "venture issuer" for the purposes of NI 52-110. Accordingly, the Company is relying upon the exemption in section 6.1 of NI 52-110 providing that the Company is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

#### *Pre-Approval Policies and Procedures for Non-Audit Services*

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

### *Audit Fees*

The fees paid by the Company to its auditors in each of the last two audited financial years, by category, are as follows:

	Financial Year Ending October 31	Audit Fees	Audit-related Fees	Tax Fees	All Fees	Other
Adam Sung Kim Ltd., Chartered Professional Accountants <sup>(1)</sup>	2023	\$11,690.92	Nil	Nil	Nil	
	2022	\$2,677.50	Nil	Nil	Nil	

<sup>(1)</sup>Adam Sung Kim Ltd. was appointed as the Company's auditor effective June 21, 2019.

Audit Fees – aggregate fees billed for professional services rendered by the auditor for the audit of the Company's annual consolidated financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of audit procedures performed related to the review of quarterly consolidated financial statements and related documents.

Tax Fees – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – aggregate fees billed for professional services which included accounting advice.

### **Corporate Governance Disclosure**

National Instrument 58-101 - Disclosure of Corporate Governance Practices ("**NI 58-101**"), requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices.

#### ***Board of Directors***

The board of directors consists of four directors. Directors James McRea and Andreas Schleich are independent directors. Dean Besserer, who is the CEO and President of the Company and Jesse Hahn who is the former CEO and former Corporate Secretary of the Company are not independent within the meaning of NI 58-101.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO. The Board will give direction and guidance through the CEO to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and appoints an Audit Committee and the chairperson of the Audit Committee. The Board establishes and periodically reviews and updates the Audit Committee mandates, duties and responsibilities of the Audit Committee, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO and CFO of the Company and establishes the duties and responsibilities of those positions and on the recommendation of the CEO, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board.

The mandate of the Board, as prescribed by the *British Columbia Business Corporations Act* (the "**Act**"), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees.

### *Directorships in Other Reporting Issuers*

The following directors of the Company are also directors of other reporting issuers as stated:

<b>Name of Director</b>	<b>Other reporting issuer (or equivalent in a foreign jurisdiction)</b>
Jesse Hahn	Prisma Exploration Inc (CSE: PMS) and Kraken Energy Corp. (CSE:UUSA)
Andreas Schleich	Margaret Lake Diamonds Inc. (TSXV:DiA), Recharge Resources Ltd. (CSE:RR) and Greenbank Ventures Inc. (NEX: GNBK.H.)
James McCrea	Prisma Exploration Inc. (CSE: PMS), Juggernaut Exploration Ltd. (TSXV: JUGR), Stamper Oil & Gas Corp. (TSXV: STMP),
Dean Besserer	American Potash Corp. (CSE: KCL), and Freeman Gold Corp. (TSX:FMAN) (VP, Exploration)

### *Board Committees*

The Board has constituted one committee, the Audit Committee, which is described under *Audit Committee Disclosure* in this Circular.

### *Orientation and Continuing Education*

The Board's practice is to recruit for the Board only persons with extensive experience in the mining and mining exploration business and in public company matters. Prospective new board members are provided a reasonably detailed level of background information, verbal and documentary, on the Company's affairs and plans prior to obtaining their consent to act as a director.

The Board provides training courses to the directors as needed, to ensure that the Board is complying with current legislative and business requirements.

### *Ethical Business Conduct*

The fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest will ensure that the Board operates independently of management and in the best interests of the Company.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors and proposed directors of the Company also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the Act, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest.

Any interested director will be required to declare the nature and extent of his or her interest and will not be entitled to vote at meetings of directors at which matters that give rise to such a conflict of interest are considered.

### *Nomination of Directors*

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and a majority of the non-executive directors.

### *Other Board Committees*

The Board currently does not have any standing committees other than the Audit Committee.

### *Assessments*

The Board annually reviews its own performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between Board and Management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor Management and corporate functions without excessive administration burden.

## Executive Compensation

Under applicable securities legislation, the Company is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer, the Chief Financial Officer and the most highly compensated executive officer of the Company whose total compensation was more than \$150,000 (collectively the "Named Executive Officers") and for the directors of the Company. The following table discloses the compensation of the Named Executive Officers for the years ending October 31, 2022 and October 31, 2023 for which the audited financial statements are available.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES <sup>(1)</sup>							
Name and position	Year Ended Oct 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Dean Jerry Besserer</b> <sup>(7)</sup> <i>Director, CEO</i>	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Lawrence Cheung</b> <sup>(8)</sup> <i>CFO, Corporate Secretary</i>	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Jesse Hahn</b> <sup>(2)</sup> <i>Director, CEO</i>	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Barry Hartley</b> <sup>(3)</sup> <i>Former CFO, Corporate Secretary &amp; Director</i>	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Brent Hahn</b> <sup>(4)</sup> <i>Director</i>	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>James McCrea</b> <sup>(5)</sup> <i>Director</i>	2023 2023	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Andreas Schleich</b> <sup>(6)</sup> <i>Director</i>	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

### Notes:

- (1) This table does not include any amount paid as reimbursement for expenses. This table includes compensation received by the Named Executive Officers as directors of the Company.
- (2) Jesse Hahn was appointed as a director on June 1, 2016 and appointed as interim CEO on September 23, 2019. He resigned as a CEO on February 22, 2024.
- (3) Barry Hartley was appointed as a director and CFO and Corporate Secretary on March 23, 2020 and served until April 15, 2024.
- (4) Brent Hahn was appointed as a director on December 20, 2021, and ceased to be a director on July 4, 2023.
- (5) James McCrea was appointed as a director on July 27, 2018
- (6) Andreas Schleich was appointed as a director on July 4, 2023.
- (7) Dean Jerry Besserer was appointed on February 22, 2024.
- (8) Lawrence Cheung was appointed on April 15, 2024.

### Stock options and other compensation securities

The following table discloses all compensation securities granted or issued to each director and named executive officer by the Company or one of its subsidiaries in the most recently completed financial year as of October 31, 2024 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

<b>Compensation Securities</b>							
<b>Name and position</b>	<b>Type of compensation security</b>	<b>Number of compensation on securities, number of underlying securities, and percentage of class</b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Closing price of security or underlying security at year end (\$)</b>	<b>Expiry date</b>
<b>Dean Jerry Besserer</b> <i>Director, CEO</i>	Stock Options	2,000,000	Feb. 22, 2024	\$0.135	\$0.1325	\$0.23	Feb. 22, 2029
<b>Jesse Hahn</b> <i>Director, Former CEO</i>	Stock Options	100,000	Feb. 22, 2024	\$0.135	\$0.1325	\$0.23	Feb. 22, 2029
<b>Barry Hartley</b> <i>CFO, Corporate Secretary &amp; Director</i>	Stock Options	100,000	Feb. 22, 2024	\$0.135	\$0.1325	\$0.23	Jul. 14, 2024
<b>James McCrea</b> <i>Director</i>	Stock Options	100,000	Feb. 22, 2024	\$0.135	\$0.1325	\$0.23	Feb. 22, 2029
<b>Andreas Schleich</b> <i>Director</i>	Stock Options	100,000	Feb. 22, 2024	\$0.135	\$0.1325	\$0.23	Feb. 22, 2029

(1) Barry Hartley was appointed as a director and CFO and Corporate Secretary on March 23, 2020 and served until April 15, 2024. His options expired 90 days after April 15, 2024.

#### *Exercise of Compensation Securities by Directors and Named Executive Officers*

No compensation securities were exercised by directors or named executive officers during the most recently completed financial year, October 31, 2024.

#### *Stock Option Plans and Other Incentive Plans*

The Company implemented the Stock Option Plan on June 25, 2018, which approved by the shareholders on July 27, 2018 and on April 15, 2024, enabling the Board to grant stock options to purchase common shares in the capital of the Company from time to time to eligible persons (collectively, "Optionees") in consideration of such Optionees providing services to the Company or a subsidiary of the Company. The number of stock options granted by the Company to Optionees is determined by the board of directors, within the guidelines established by the Stock Option Plan. The stock options enable such persons to purchase Common Shares at a price fixed under such guidelines. The stock options are exercisable by the Optionee giving the Company notice and payment of the exercise price for the number of common shares to be acquired.

The purpose of the Stock Option Plan is to attract and provide incentives to directors, senior officers, employees, consultants and others services providers to the Company and its subsidiaries, and thereby advance the Company's

interests, by affording such persons with an opportunity to acquire an equity interest in the Company through the issuance of stock options.

Under the Stock Option Plan, the maximum number of common shares reserved for issuance, including stock options currently outstanding, is equal to ten (10%) percent of the common shares outstanding from time to time (the "10% Maximum"). The 10% Maximum is an "evergreen" provision, meaning that, following the exercise, termination, cancellation or expiration of any stock options, a number of common shares equivalent to the number of options so exercised, terminated, cancelled or expired would automatically become reserved and available for issuance in respect of future stock option grants.

The following information summarizes the key terms and is intended to be a brief description of the Company's Stock Option Plan. A shareholder may obtain a copy of the Stock Option Plan by contacting the Company at the registered office of the Company.

#### *Limitation on Option Grants*

The following restrictions on the granting of Options are applicable under the Stock Option Plan:

**Individuals.** The aggregate number of Shares subject to an option that may be granted to any one individual in any 12-month period under the Stock Option Plan shall not exceed 5% of the issued and outstanding Common Shares determined at the time of such grant.

**Optionees Performing Investor Relations Activities.** The aggregate number of Common Shares subject to an option that may be granted to any one person conducting Investor Relations Activities in any 12-month period under the Stock Option Plan shall not exceed 2% of the issued and outstanding Common Shares determined at the time of such grant.

**Consultants.** The aggregate number of Common Shares subject to an option that may be granted to any one Consultant in any 12-month period under this Stock Option Plan shall not exceed 2% of the issued and outstanding Common Shares determined at the time of such grant.

#### *Exercise Price*

If the Common Shares are listed on a share exchange (the "Exchange"), subject to a minimum price of \$0.05 per share, the exercise price for an option under the Stock Option Plan may not be lower than the greater of the closing market price of the Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. If any options are granted within 90 days of a public distribution by prospectus, then the minimum exercise price shall be the greater of the closing market price of the Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options, and (c) the price per share paid by the investors for Shares acquired under the public distribution pursuant to the prospectus. The 90-day period shall commence on the date the Company is issued a final receipt for the prospectus.

#### *Term and Vesting*

Any option must be exercised within a term set by the Board at the time of grant, such term not to exceed five (5) years from the date of the granting of the option. The Board may, in its absolute discretion, determine the vesting provisions of options granted under this Plan with the exception that options granted to any person engaged in Investor Relations Activities shall vest in stages over 12 months with no more than  $\frac{1}{4}$  of the stock options vesting in any three-month period.

#### *Termination of Options*

Unless the Board determines otherwise, options will terminate in the following circumstances:

**Termination of Employment.** If a director, officer, employee or consultant ceases to be so engaged by the Company for any reason other than death, such director, officer, employee or consultant shall have the right to exercise any vested option granted to him under the Stock Option Plan and not exercised prior to such termination within a period of 90 days after the date of termination, or such shorter period as may be set out in the Optionee's written agreement.

**Termination of Investor Relations Activities.** If an Optionee who is engaged in investor relations activities ceases to be so engaged by the Company, such Optionee shall have the right to exercise any vested option granted to the Optionee under the Stock Option Plan and not exercised prior to such termination within a period of 30 days after the date of termination, or such shorter period as may be set out in the Optionee's written agreement.

**Death of Optionee.** If an Optionee dies prior to the expiry of an option, his heirs or administrators may within 12 months from the date of the Optionee's death exercise that portion of an option granted to the Optionee under this Plan which remains vested and outstanding.



### *Other Provisions*

The Stock Option Plan contains provisions governing the acceleration of the vesting of options in the event of a change of control of the Company or in the event of a takeover proposal.

### *Employment, Consulting and Management Agreements*

The following is the disclose of the material terms of each agreement or arrangement under which compensation was provided during the most recently completed financial year (October 31, 2024) or is payable in respect of services provided to the Company or any of its subsidiaries that were: (a) performed by a director or named executive officer, or (b) performed by any other party but are services typically provided by a director or a named executive officer.

The Company has a consulting agreement with a company controlled by the CEO of the Company. Pursuant to that agreement, the Company pays a monthly fee of \$15,000 and granted 2,000,000 stock options in accordance with the terms of the Stock Option Plan. In the event that the Company shall complete an equity fundraising generating gross proceeds of \$5,000,000 or greater in any 12-month period, the monthly fee shall be increased to \$20,000. The consulting agreement states that if the consulting agreement is terminated by the Company (other than for an event of default), then the Company is required to pay the consultant a lump sum amount equal to 24 months of the consulting fee. If the consulting agreement is terminated by either party absent an event of default during the 12 months period following the date of a change of control, then the company shall pay the consultant a fee equal to 24 times the monthly consulting fee plus the simple average of any cash performance bonus paid to the consultant in the previous two completed financial years, if any.

In addition, the Company entered into a consulting agreement with Malaspina Consultants Inc. (“Malaspina”) dated March 7, 2024 (the “Malaspina Agreement”) pursuant to which Malaspina agreed to provide accounting and related services to the Company, including the services of the CFO and Corporate Secretary, commencing April 15, 2024 until the cancellation of the Malaspina Agreement, which may be cancelled by the Company or Malaspina by giving 60 days written notice. Malaspina’s fees for providing these services are based on agreed upon hourly rates for the services of the CFO and accountant, plus other office expenses. The Malaspina Agreement also provides that Malaspina will be granted stock options commensurate with the CFO’s contribution to the Company’s business plan. Mr. Cheung, the Company’s CFO, is an employee of Malaspina.

### *Oversight and Description of Director and Named Executive Officer Compensation*

The Company does not have a formal compensation program. The Board is responsible for ensuring that the Company has in place an appropriate plan for executive compensation and for making recommendations with respect to the compensation of the Company’s executive officers. The Board is responsible for all matters relating to the compensation of the directors and executive officers of the Company with respect to: (i) general compensation goals and guidelines and the criteria by which bonuses and stock compensation awards are determined; (ii) amendments to any equity compensation plans adopted by the Board and changes in the number of shares reserved for issuance thereunder; and (iii) other plans that are proposed for adoption or adopted by the Company for the provision of compensation.

The general objectives of the Company’s compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management’s interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other exploration companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is an exploration company without a history of earnings.

### *Pension Disclosure*

The Company does not have a pension plan that provides for payments or benefits to the NEOs or directors at, following, or in connection with retirement.

### **Indebtedness of Directors and Executive Officers**

As at the date within thirty days before the date of this Circular, there was no indebtedness outstanding from any current or former director, executive officer or employee of the Company or its subsidiaries which is owing to the Company or its subsidiaries, or which is owing to another entity which indebtedness is the subject of a guarantee,

support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, no proposed nominee for election as a director of the Issuer and no associate of such persons:

(i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Issuer or its subsidiaries; or

(ii) is indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or its subsidiaries,

in relation to a securities purchase program or other program

### **Material Contracts**

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Company in the last two years and which can be reasonably regarded as material to the Company are as follows:

1. Arrangement Agreement dated effective August 26, 2024 between the Company and Spinco, a copy of which is attached as Appendix B to this Circular, and any amendment(s) or variation(s) thereto;
2. The Escrow Agreement dated for reference December 7, 2022, between National Securities Administrators Ltd., Barry Hartley, Jesse Hahn and the Issuer.

These material contracts are available at [www.sedarplus.ca](http://www.sedarplus.ca) under the profile of the Company.

## **INFORMATION CONCERNING SPINCO**

### **Name, Address and Incorporation**

Spinco, being Kelso Mining Inc. was incorporated under the BCBCA on January 4, 2021. Its registered and records office is located at 401 - 750 West Pender St., Vancouver, BC V6C 2T7, Canada. Spinco is currently a private company and a wholly owned Subsidiary of ZEUS.

### **Description of Business of Spinco**

Spinco has not commenced any business operations and does not have any business history and is used for the purposes of the Arrangement.

Upon completion of the Arrangement, Spinco is expected to become an exploration company and will be exploring the Chlore Property. It is expected to become a reporting issuer in the provinces of British Columbia, Alberta and Ontario. After the Effective Date, Spinco will hold the Assets transferred to it by ZEUS and will be in the business of mineral exploration.

Spinco's immediate business objectives following the completion of the Arrangement will be as follows:

- 1) upon becoming a reporting issuer, to appoint additional directors and officers; and
- 2) to evaluate further exploration of the Chlore Property.

Spinco may apply to list its common shares on a stock exchange in the future. However, **there can be no guarantee that the Spinco Shares will ever be listed on any stock exchange.**

### **Directors and Officers**

Barry Hartley and Jesse Hahn are the current directors of Spinco.

### **Share Capital**

The authorized capital of Spinco consists of an unlimited number of common shares without par value without any special rights or restrictions attached to them.

As of the date of this Circular, Spinco has one common share issued and outstanding, which is owned by the Company.

Spinco will be issuing its common shares to the ZEUS Shareholders pursuant to the Arrangement.

## **Executive Compensation**

Since its incorporation Spinco has not paid any compensation to its directors or officers.

## **Options to Purchase Shares**

Spinco has not implemented an incentive stock option plan and does not have any incentive stock options outstanding at this time.

## **Dividends**

Spinco has paid no dividends since its incorporation. At the present time, Spinco intends to retain any earnings for corporate purposes. The payment of dividends in the future will depend on the earnings and financial condition of Spinco and on such other factors as the board of directors of Spinco may consider appropriate. However, since Spinco is currently in a development stage, it is unlikely that earnings, if any, will be available for the payment of dividends in the foreseeable future.

## **Prior Sales**

Spinco issued one Spinco Share to ZEUS upon incorporation. This Spinco Share will be cancelled subsequent to the completion of the Arrangement.

## **Legal Proceedings**

Spinco is not a party to any outstanding legal proceedings, nor are any such proceedings contemplated.

## **Material Contracts**

Except for contracts entered into in the ordinary course of business, the only material contract entered into by Spinco since its incorporation and which can be reasonably regarded as material to Spinco is the Arrangement Agreement, a copy of which is attached as **Appendix B** to this Circular.

## **Risk Factors**

An investment in a company such as Spinco involves a significant degree of risk including, without limitation, the factors set out below.

### *No Assurance that the Proposed Arrangement will be Completed as Contemplated or at all*

Completion of the proposed Arrangement is subject to a number of conditions, including the approvals of the CSE, Court and ZEUS Shareholders. Should the Arrangement fail to receive approval of the ZEUS Shareholders at the Meeting, Spinco will remain a wholly owned Subsidiary of ZEUS. There is no assurance that any or all of these conditions will be satisfied or waived. In the event that the Arrangement is completed, Spinco will remain a reporting issuer in the provinces of British Columbia and Alberta and there can be no assurance that the Spinco Shares will be listed on any stock exchange.

### *Requirements for Further Financing*

Spinco presently does not have sufficient financial resources to undertake all of its currently planned activities beyond completion of the Arrangement, which is financed by the Company. In the event that the Arrangement is completed, Spinco will need to obtain further financing, whether through debt financing, equity financing or other means. There can be no assurance that Spinco will be able to raise the required financing or that such financing can be obtained without substantial dilution to shareholders. Failure to obtain additional financing on a timely basis could cause Spinco to reduce or terminate its operations.

### *The Spinco Shares may not be Qualified Investments under the Tax Act for a Registered Plan*

There is no assurance when, or if, the Spinco Shares will be listed on any stock exchange. If the Spinco Shares are not listed on a designated stock exchange in Canada before the due date for Spinco's first income tax return or if Spinco does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the Spinco Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a Spinco Share in circumstances where the Spinco Shares are not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant, beneficiary or holder under the Registered Plan, including that the Registered Plan may become subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked.

### *Limited Operating History*

As a wholly owned Subsidiary of ZEUS, incorporated for the purpose of the Arrangement, Spinco has no business history and must be considered a start-up. As such, Spinco is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that Spinco will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Spinco has limited financial resources, has not earned any revenue since commencing operations, has no source of operating cash flow and there is no assurance that additional funding will be available to it for the further advancement of Spinco's business. There can be no assurance that Spinco will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of development of Spinco's business.

### *Negative Cash Flow*

Spinco has no history of earnings or cash flow from operations. Spinco does not expect to generate material revenue or to achieve self-sustaining operations for several years, if at all. This may have a negative impact on the financial position of Spinco.

### *No Market for Securities*

There is currently no market through which any of the Spinco Shares may be sold and there is no assurance that the Spinco Shares will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the Spinco Shares are listed on a stock exchange, holders of the Spinco Shares may not be able to sell their Spinco Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Spinco Shares will develop or be sustained after completion of the Arrangement. The holding of Spinco Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The Spinco Shares should not be acquired by persons who cannot afford the possibility of the loss of their entire investment.

### *Dividend Policy*

Spinco does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from Spinco will remain subject to the discretion of its board of directors and will depend on results of operations, cash requirements and future prospects of Spinco and other factors.

### *Conflicts of Interest*

The directors of Spinco may be directors, officers or shareholders of other companies that are engaged in similar businesses to Spinco. Such associations may give rise to conflicts of interest from time to time. The directors of Spinco are required by law to act honestly and in good faith with a view to the best interests of Spinco and to disclose any interest which they may have in any project or opportunity of Spinco. If a conflict of interest arises at a meeting of the board of directors or when carrying out their duties as directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether Spinco will participate in any project or opportunity, the directors will primarily consider the degree of risk to which Spinco may be exposed and its financial position at the time.

### *Dilution*

After completion of the Arrangement, Spinco will be issuing additional shares to finance its operations. These share issuances will dilute the position of the ZEUS shareholders who will receive Spinco shares pursuant to the Arrangement.

### **Interest of Experts**

No person whose profession or business gives authority to a statement made by such person and who is named in this Circular (being the auditors of the Company) has received or will receive a direct or indirect interest in the property of the Company or any related person of the Company.

## INFORMATION CONCERNING SPINCO AFTER THE ARRANGEMENT

### General

On completion of the Arrangement, Spinco will continue to be a corporation incorporated under and governed by the BCBCA and will be its own entity apart from ZEUS.

On completion of the Arrangement, Spinco's primary material property will be the Chlore Property. See *The Arrangement*.

### Directors and Officers

Upon completion of the Arrangement, the directors and officers of Spinco are expected to consist of the following persons:

Jesse Hahn,	-	CEO, Secretary and Director
Barry Hartley	-	CFO and Director
James McCrea	-	Director

One additional independent director will be appointed upon Spinco becoming a reporting issuer.

The following is the background information about the directors and officers of Spinco after the amalgamation.

#### **Jesse Hahn** (Age 41)

During the past five years prior to the listing statement, Mr. Hahn has been a self-employed consultant / agrologist with Natural Fibre Technologies Ltd. and holds a BSc in Environmental Science with a focus on Environmental Economics & Policy from the University of Alberta. He brings over a decade of experience in agrology, waste management, reclamation and business development in emerging technology industries. He is a Professional Agrologist in good standing with the Alberta Institute of Agrologists.

Mr. Hahn's experience also includes consulting for a Vale nickel mine, located in Thompson, Manitoba and included successful set up and implementation of a program separating 5 waste streams into 13 waste/recycling streams, and he served as a project coordinator for the teams and supervised logistics associated with performance of those duties.

During the last five years Mr. Hahn was a former director of Sennen Potash Corporation (TSX.V: SN), Serra Energy Metals Corp. (CSE: SEEM) and Waraba Gold Limited. (CSE: WBGD). Mr. Hahn currently is a director of the Company, Prisma Exploration Inc (CSE: PMS) and Kraken Energy Corp. (CSE:UUSA).

He is one of the two current directors of Spinco.

**Barry Hartley** (Age 56). Mr. Hartley is a partner with Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, which has been his principal occupation for over the last five years. Mr. Hartley is a Chartered Professional Accountant and a Chartered Accountant. He holds B.Com (Honours) degree in accounting from the University of Johannesburg.

Mr. Hartley has held numerous positions as CFO, director and president with listed companies.

During the last five years, Mr. Hartley was a director of Kraken Energy Corp. (CSE: UUSA), the Company, Canamera Energy Metals Corp. (CSE: EMET), Serra Energy Metals Corp. (CSE: SEEM), Waraba Gold Limited. (CSE: WBGD), First Hydrogen Corp. (CSE: FHYD) and Stamper Oil & Gas Corp. (TSXV: STMP). Currently, he is a director of Prisma Exploration Inc.

He is one of the two current directors of Spinco.

**James (Jim) McCrea (Age 63).** Mr. McCrea has over 30 years of experience in exploration and mining geology, and more than 25 years of experience in mineral resource estimation. His experience was gained through working for junior mining/exploration companies and engineering companies, SRK and Snowden, and later independent consultant. Mr. McCrea's expertise ranges from technical review and due diligence to resource estimation and feasibility studies. He has experience in a range of commodities, but primarily gold, silver and copper, in a variety of geographic settings around the world with particular focus on North and South America. Mr. McCrea has done recent consulting work for companies and properties such as Minera San Cristóbal S.A. of Bolivia, Silver One Resources' Candelaria property in Nevada, Tudor Gold's Treaty Creek Property in the Golden Triangle and American Creek Resources/Stringer Resources' Dunwell property also in Stewart, BC.

Mr. McCrea holds bachelor's degree in Geology from the University of Alberta and is a current member of Engineers and Geoscientists British Columbia and for most of the last 20 years Mr. McCrea has been a self-employed consulting resource geologist.

During the last five years, Mr. McCrea was a former director of Waraba Gold Limited (CSE: WBGD), Serra Energy Metals Corp. (CSE: SEEM), Kraken Energy Corp. (CSE: UUSA), and Canamera Energy Metals Corp. (CSE: EMET).

Mr. McCrea currently is a director of the Company, Prisma Exploration Inc. (CSE: PMS), Juggernaut Exploration Ltd. (TSXV: JUGR), and Stamper Oil & Gas Corp. (TSXV: STMP).

### ***Corporate Cease Trade Orders or Bankruptcies***

Other than as disclosed in this Circular, no current or proposed director of Spinco, within 10 years before the date of this Circular, has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively an “**Order**”) and that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director, within 10 years before the date of this Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On March 8, 2016, the British Columbia Securities Commission (the “**BCSC**”) issued a cease trade order (the “**CTO**”) against the Company, its directors, officers and insiders for failure of the Company to file its audited financial statements and management’s discussion & analysis and related certifications for the years ended October 31, 2015, October 31, 2016 and October 31, 2017 (collectively, the “**Financial Materials**”). On March 11, 2016, the Ontario Securities Commission (the “**OSC**”) issued a CTO against the Company, its directors, officers and insiders for failure of the Company to file the Financial Materials. Mr. Barry Hartley and Mr. Jesse Hahn were not directors or officers of the Company at the time the CTO was issued and became directors and officers of the Company after the CTO was issued and before the CTO was revoked. The Company filed the 2016 Financial Materials with the applicable securities commissions and the CTO was lifted by both the BCSC and the OSC on June 19, 2018. At the time the CTO was issued, the Company was operating under the name MJ Bioscience Corp.

### ***Personal Bankruptcies***

None of the current or proposed directors of Spinco have, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

### ***Penalties and Sanctions***

None of the current or proposed directors of Spinco have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### ***Capital Structure***

As a result of the completion of the Arrangement, the Spinco share capital will increase from the issuance of Spinco Shares contemplated by the Arrangement.

The authorized capital of Spinco following the completion of the Arrangement will continue to consist of an unlimited number of Spinco Shares without par value. The rights attributed to the Spinco Shares will not be changed following the completion of the Arrangement.

On completion of the Arrangement, Spinco will become a reporting issuer in British Columbia, Alberta and Ontario, and may or may not apply for a public listing in the near future. **There can be no guarantee that the Spinco Shares will be listed on any stock exchange.**

## **Dividends**

Spinco has not to date paid any dividends on the Spinco Shares nor does it intend to pay any dividends on the Spinco Shares in the immediate future as management anticipates that all available funds will be invested to finance further acquisition, exploration and development of its mineral properties.

## **Post-Arrangement Shareholdings**

Immediately after completion of the Arrangement, assuming that no ZEUS Shareholder exercises Dissent Rights and that no ZEUS options and warrants are exercised on or before the Effective Time, the current ZEUS Shareholders will own 100% of the then issued and outstanding Spinco Shares, subject to financings completed by Spinco.

## **Auditors**

Spinco's auditor is Adam Sung Kim Ltd., Chartered Professional Accountant, located at Suite# 346, 151 – 10090 152nd Street, Surrey, BC, Canada V3R 8X8.

## **Transfer Agent and Registrar**

Upon completion of the Arrangement, Spinco's registrar and transfer agent is expected to be National Securities Administrators Ltd., located at Suite 702 - 777 Hornby Street, Vancouver, BC, V6Z 1S4.

## **RISK FACTORS**

In evaluating the Arrangement, ZEUS Shareholders should carefully consider, in addition to the other information contained in this Circular, the risk factors associated with ZEUS and Spinco. These risk factors are not a definitive list of all risk factors associated with ZEUS and the business to be carried out by Spinco.

### **Risk Factors Relating to the Arrangement**

There are risks associated with the completion of the Arrangement. Some of these risks include:

- *Termination of the Arrangement Agreement.* The Arrangement Agreement may be terminated by ZEUS in certain circumstances, in which case the market price for ZEUS Shares may be adversely affected.
- *Spinco Shares may have a lower market value.* As ZEUS Shareholders will receive Spinco Shares based on a fixed ratio, Spinco Shares received by ZEUS Shareholders under the Arrangement may have a lower market value than expected.
- *Consents and approvals are not received or impose conditions.* The closing of the Arrangement is conditional on, among other things, the receipt of consents and approvals from the court and governmental bodies that could delay or impede completion of the Arrangement or impose conditions on the companies that could adversely affect the business or financial condition of Spinco.
- *Unanticipated challenges with ZEUS and Spinco operations.* ZEUS and Spinco may not realize the benefits currently anticipated due to challenges associated with the operations, technologies and personnel of ZEUS and Spinco.
- *Interest of directors and officers may not be the same as ZEUS Shareholders generally.* Directors and officers of ZEUS have interests in the Arrangement that may be different from those of ZEUS Shareholders generally.

### **Risk Factors Relating to Spinco**

The following risk factors are associated with Spinco, following completion of the Arrangement.

#### *Resource exploration and development is highly speculative*

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Spinco may be affected by numerous factors that are beyond the control of Spinco and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in Spinco not receiving an adequate return of investment capital.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that Spinco's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Spinco's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

*Some aspects of Spinco's operations entail risk that cannot be insured against or may not be covered by insurance*

Spinco's business is subject to a number of risks and hazards generally, including adverse conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Spinco's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although Spinco intends to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. Spinco may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Spinco or to other companies in the mining industry on acceptable terms. Spinco might also become subject to liability for pollution or other hazards which may not be insured against or which Spinco may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Spinco to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

*Significant resources are required to conduct mining exploration activities*

Mining exploration requires ready access to mining equipment such as drills, and crews to operate that equipment. There can be no assurance that such resources will be available to Spinco on a timely basis or at a reasonable cost. Failure to obtain these resources when needed may result in delays in Spinco's exploration programs.

*Spinco will operate in a highly competitive environment*

The mineral exploration and mining business is competitive in all of its phases. Spinco will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources than Spinco, in the search for and the acquisition of attractive mineral properties. The ability of Spinco to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that Spinco will continue to be able to compete successfully with its competition in acquiring such properties or prospects.

*Spinco will operate in a highly regulated environment that is subject to changes, some unforeseen, to government policy*

The current or future operations of Spinco, including exploration and development activities and commencement of production on its properties, require permits from various levels of government. Such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Spinco believes it will be in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance however, that all permits which Spinco may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that Spinco might undertake.

Failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason



of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Spinco and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

*Spinco may be subject to significant environmental risks*

Spinco's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. Spinco intends to comply fully with all environmental regulations. The current or future operations of Spinco, including development activities and commencement of production on its properties, require permits from various federal, provincial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require Spinco to obtain permits from various governmental agencies. There can be no assurance, however, that all permits that Spinco may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which Spinco might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Spinco and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

*Limited Operating History*

As a wholly owned Subsidiary of ZEUS, incorporated for the purpose of the Arrangement, Spinco has a very limited history of operations and must be considered a start-up. As such, Spinco is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that Spinco will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Spinco has no financial resources, has not earned any revenue since incorporation, has no source of operating cash flow and there is no assurance that any funding will be available to it for further advancement of Spinco's business. There can be no assurance that Spinco will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of the development of Spinco's business.

*Spinco will be largely dependent on the performance of the Board and senior management*

The success of Spinco will largely be dependent on the performance of the Board and senior management. The loss of the services of these persons will have a materially adverse effect on Spinco's business and prospects. There is no assurance that Spinco can maintain the services of the Board and management or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on Spinco and its prospects.

### *Spinco's prospects are subject to the inherent volatility of metal prices*

The mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of the same. There can be no assurance that metal prices will be such that Spinco's properties can be mined at a profit. Factors beyond the control of Spinco may affect the marketability of any minerals discovered. Metal prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of, and demand for, Spinco's principal products and exploration targets is affected by various factors, including political events, economic conditions and production costs.

### *Spinco's proposed operations will require access to adequate infrastructure*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Spinco's operations, financial condition and results of operations.

### *Spinco's growth will require new personnel*

Recruiting and retaining qualified personnel is critical to Spinco's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As Spinco's business activity grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff on the operations side. Although Spinco believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

### *Some of Spinco's directors have significant involvement in other companies in the same sector*

Certain of the directors of Spinco serve as directors of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which Spinco may participate, the directors of Spinco may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Board a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of Spinco making the assignment. In accordance with the laws of the Province of British Columbia, the directors of Spinco are required to act honestly, in good faith and in the best interests of Spinco. In determining whether or not Spinco will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which Spinco may be exposed and its financial position at that time.

### *No Market for Securities*

There is currently no market through which any of the Spinco Shares may be sold and there is no assurance that the Spinco Shares will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the Spinco Shares are listed on a stock exchange, holders of the Spinco Shares may not be able to sell their Spinco Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Spinco Shares will develop or be sustained after completion of the Arrangement. The holding of Spinco Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The Spinco Shares should not be acquired by persons who cannot afford the possibility of the loss of their entire investment.

### *Dividend Policy*

Spinco does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from Spinco will remain subject to the discretion of its board of directors and will depend on results of operations, cash requirements and future prospects of Spinco and other factors.

### *Conflicts of Interest*

The directors of Spinco may be directors, officers or shareholders of other companies that are engaged in similar businesses to Spinco. Such associations may give rise to conflicts of interest from time to time. The directors of Spinco are required by law to act honestly and in good faith with a view to the best interests of Spinco and to disclose any interest which they may have in any project or opportunity of Spinco. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Spinco will participate in any project or opportunity, the directors will primarily consider the degree of risk to which Spinco may be exposed and its financial position at the time.

There are also a number of factors that could negatively affect Spinco's business and the value of the Spinco Shares. For information pertaining to the outlook and conditions currently known to Spinco that could have a material impact on the financial condition, operations and business of Spinco, shareholders should refer to the *Risk Factors of Spinco*.

ZEUS Shareholders should also carefully consider all of the information disclosed in this Circular and the documents incorporated by reference.

The risk factors that are identified in this Circular and the documents incorporated by reference are not exhaustive and other factors may arise in the future that are currently not foreseen by management of Spinco that may present additional risks in the future.

### **MANAGEMENT CONTRACTS**

Certain management functions of the Company are performed by the directors or executive officers of the Company through private companies that are controlled by such directors or executive officers.

In February 2024, the Company entered into a consulting agreement with 878160 Alberta Ltd. a company owned and operated by Dean Besserer, the CEO and a director of the Company. Pursuant to that agreement, the Company pays a monthly consulting fee of \$15,000 plus applicable taxes and granted 1,000,000 stock options.

### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

ZEUS' auditor is Adam Sung Kim Ltd., Chartered Professional Accountant, located at Suite# 346, 151 – 10090 152nd Street, Surrey, BC, Canada V3R 8X8.

ZEUS' registrar and transfer agent is National Securities Administrators Ltd., located at Suite 702 - 777 Hornby Street, Vancouver, BC, V6Z 1S4.

### **LEGAL PROCEEDINGS**

There are no pending legal proceedings to which the Company or Spinco is or is likely to be a party or of which any of its properties are, or to the best of knowledge of management of the Company or Spinco are likely to be subject.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

### **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of Proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

### **BOARD APPROVAL**

The undersigned hereby certifies that the contents and the sending of this Circular to the ZEUS Shareholders have been approved by the Board.

Dated at Vancouver, British Columbia on November 5, 2024.

### **ZEUS NORTH AMERICA MINING CORP.**

“Dean Besserer”

Dean Besserer,

CEO and Director

## **APPENDIX A - ARRANGEMENT RESOLUTION**

Capitalized words used in this Appendix A and not otherwise defined shall have the meaning ascribed to such terms in the Circular.

At the Meeting, ZEUS Shareholders will be asked to consider and vote on the special resolutions to approve the Arrangement, with or without variation as follows:

**“UPON MOTION DULY MADE, IT IS HEREBY RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. The arrangement (the “**Arrangement**”) under Section 288 of the British Columbia *Business Corporations Act* involving ZEUS NORTH AMERICA MINING CORP. (“**ZEUS**”), all as more particularly described and set forth in the management information circular (the “**Circular**”) of ZEUS dated November 5, 2024, accompanying the notice of this meeting (as the Arrangement may be, or may have been, modified or amended), is hereby authorized, approved and adopted.
2. The plan of arrangement, as it may be or has been amended (the “**Plan of Arrangement**”), involving ZEUS and implementing the Arrangement, the full text of which is set out in Appendix B to the Circular, is hereby authorized, approved and adopted.
3. The arrangement agreement (the “**Arrangement Agreement**”) between ZEUS and Formation Metals Inc. dated August 26, 2024, and all the transactions contemplated therein, the actions of the directors of ZEUS in approving the Arrangement and any amendments thereto and the actions of the directors and officers of ZEUS in executing and delivering the Arrangement Agreement and any amendments thereto are hereby confirmed, ratified, authorized and approved.
4. Notwithstanding that these resolutions have been passed (and the Arrangement adopted) or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of ZEUS are hereby authorized and empowered, without further notice to, or approval of, any securityholders of ZEUS:
  - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
  - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
5. Any one or more directors or officers of ZEUS is hereby authorized, for and on behalf and in the name of ZEUS, to execute and deliver, whether under corporate seal of ZEUS or not, all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
  - (a) all actions required to be taken by or on behalf of ZEUS, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
  - (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by ZEUS;such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.”

**The Board recommends that ZEUS Shareholders vote in favour of the Arrangement. Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the foregoing special resolution.**

**APPENDIX B -  
ARRANGEMENT AGREEMENT AND PLAN OF ARRANGEMENT**

## ARRANGEMENT AGREEMENT

**THIS ARRANGEMENT AGREEMENT** (the “**Agreement**”) is dated for reference August 26, 2024.

**BETWEEN:**

**ZEUS NORTH AMERICA MINING CORP.**, a company having its registered office at 1100 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5

(“**Zeus**”)

**AND:**

**KELSO MINING INC.**, a company having its registered office at 401- 750 West Pender Street, Vancouver BC V6C 2T7

(“**Spinco**”)

(collectively, “the **Parties**”)

### RECITALS:

- A. The Parties have entered into the Agreement wherein it is contemplated that Zeus will transfer its Assets (as such term is defined in this Agreement) to its wholly-owned subsidiary, Spinco;
- B. The Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (British Columbia); and
- C. The Parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recital and for other matters relating to such arrangement.

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto do hereby covenant and agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) “**Agreement**” means the arrangement agreement (including the schedules thereto) dated August 26, 2024, between Zeus and Spinco as supplemented, modified or amended, and not to any particular article, section, schedule or other portion thereof;
- (b) “**Applicable Laws**” means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;
- (c) “**Arrangement**” means the arrangement pursuant to Section 288 of the BCBCA set forth in the Plan of Arrangement;
- (d) “**Arrangement Provisions**” means Part 9, Division 5 of the BCBCA;
- (e) “**Arrangement Resolution**” means the special resolution with respect to the Arrangement and other related matters to be considered at the Zeus Meeting;

- (f) **“Assets”** means all mineral assets, rights and 100% interest in the mineral claims known as the Chlore Property located in the Omineca Mining Division of North-Central British Columbia and is described in the Schedule “B” to this Agreement.
- (g) **“BCBCA”** means the Business Corporations Act (British Columbia), S.B.C. 2002, c.57, as amended, including the regulations promulgated thereunder;
- (h) **“Business Day”** means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;
- (i) **“Company”** or **“Zeus”** means ZEUS NORTH AMERICA MINING CORP.;
- (j) **“Conversion Factor”** means 0.006666667.
- (k) **“Court”** means the Supreme Court of British Columbia;
- (l) **“Dissenting Shareholder”** means a Zeus Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its Zeus Shares in accordance with the Interim Order and the Plan of Arrangement;
- (m) **“Dissenting Shares”** means the Zeus Shares in respect of which Dissenting Shareholders have exercised a right of dissent;
- (n) **“Effective Date”** means the date upon which the Arrangement becomes effective in accordance with the Arrangement Agreement and the Final Order;
- (o) **“Final Order”** means the final order of the Court approving the Arrangement;
- (p) **“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee;
- (q) **“Information Circular”** means the management information circular of Zeus to be sent by Zeus to the Zeus Shareholders in connection with the Zeus Meeting;
- (r) **“Interim Order”** means an interim order of the Court concerning the Arrangement in respect of Zeus, containing declarations and directions with respect to the Arrangement and the holding of the Zeus Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (s) **“New Zeus Shares”** means the new class of common shares without par value which the Company will create, pursuant to Section 3.1(b)(ii) of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the Zeus Shares;
- (t) **“Notice of Meeting”** means the notice of annual general and special meeting of the Zeus Shareholders in respect of the Zeus Meeting;
- (u) **“Parties”** means Zeus and Spinco and **“Party”** means any one of them;
- (v) **“Person”** means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (w) **“Plan of Arrangement”** means the plan of substantially in the form set out in Schedule A to this Agreement, as amended or supplemented from time to time in accordance with Article 6 thereof and Article 6 hereof;
- (x) **“Record Date”** means the record date with respect to voting at the Zeus Meeting;
- (y) **“Registrar”** means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;
- (z) **“Share Distribution Record Date”** means the date determined and approved by the board of directors of Zeus at its own discretion, which date establishes the Zeus Shareholders who will be entitled to receive Spinco Shares, pursuant to the Plan of Arrangement;
- (aa) **“Spinco”** means KELSO MINING INC., a private company and a wholly-owned subsidiary of Zeus;

- (bb) **“Spinco Shareholder”** means a holder of Spinco Shares;
- (cc) **“Spinco Shares”** means the common shares without par value in the authorized share structure of Spinco;
- (dd) **“Tax Act”** means the Income Tax Act (Canada), as may be amended, or replaced, from time to time;
- (ee) **“Transfer Agent”** means National Securities Administrators Ltd., the registrar and transfer agent of Zeus;
- (ff) **“Zeus Meeting”** means the annual general and special meeting of the Zeus Shareholders to be held on a date to be determined by the board of directors of Zeus, and any adjournment(s) or postponement(s) thereof;
- (gg) **“Zeus Shareholder”** means a holder of Zeus Shares; and
- (hh) **“Zeus Shares”** means the common shares without par value in the authorized share structure of the Company.

## **1.2 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement (including Schedules A to B hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

## **1.3 Number, etc.**

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

## **1.4 Date for Any Action**

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

## **1.5 Entire Agreement**

This Agreement, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

## **1.6 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

## **1.7 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS, as applicable and all determinations of an accounting nature are required to be made shall be made in a manner consistent with IFRS.

## **1.8 References to Legislation**

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.



## **1.9 Enforceability**

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

## **1.10 Schedules**

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

Schedule A – Plan of Arrangement

Schedule B – Assets

## **ARTICLE 2 THE ARRANGEMENT**

### **2.1 Plan of Arrangement**

The Parties will forthwith jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Zeus Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution and upon receipt thereof, the Parties will forthwith carry out the terms of the Interim Order to the extent applicable to it. Provided all necessary approvals for the Arrangement Resolution are obtained from the Zeus Shareholders, the Parties shall jointly submit the Arrangement to the Court and apply for the Final Order. Upon issuance of the Final Order and subject to the conditions precedent in Article 5, Zeus shall forthwith proceed to file the Agreement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to the Arrangement Provisions, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

### **2.2 Interim Order**

Subject to the approval by the Court, the Interim Order shall provide that:

- (a) the securities of Zeus for which holders shall be entitled to vote on the Arrangement Resolution shall be the Zeus Shares;
- (b) the Zeus Shareholders shall be entitled to vote on the Arrangement Resolution, with each Zeus Shareholder being entitled to one vote for each Zeus Share held by such holder; and
- (c) the requisite majority for the approval of the Arrangement Resolution shall be the majority prescribed by the Articles of Zeus.

### **2.3 Information Circular and Meetings**

As promptly as practical following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws, Zeus shall:

- (a) prepare the Information Circular and cause such circular to be mailed to the Zeus Shareholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and
- (b) convene the Zeus Meeting.

### **2.4 Effective Date**

The Arrangement shall become effective in accordance with the terms of the Plan of Arrangement on the Effective Date.

## 2.5 United States Securities Law Matters

The Parties agree that the Arrangement will be carried out with the intention that all securities to be issued pursuant to the Arrangement will be issued in reliance on the exemption under Section 3(a)(10) of the Securities Act of 1933, as amended (the “**Section 3(a)(10) Exemption**”). To ensure the availability of the Section 3(a)(10) Exemption, Spinco agrees that the Arrangement will be carried out on the following basis:

- (a) the Arrangement will be subject to the approval of the Court;
- (b) the Court will be advised as to the intention of the parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;
- (c) the Court will be required to satisfy itself as to the fairness of the Arrangement to the Zeus Shareholders subject to the Arrangement;
- (d) the Court will have determined, prior to approving the Arrangement, that the terms and conditions of the exchanges of securities under the Arrangement are fair to the Zeus Shareholders pursuant to the Arrangement;
- (e) the order approving the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as being fair to the Zeus Shareholders pursuant to the Arrangement;
- (f) Zeus will ensure that each person entitled to receive securities pursuant to the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with the sufficient information necessary for them to exercise that right; and
- (g) the Interim Order will specify that each person entitled to receive securities pursuant to the Arrangement will have the right to appear before the Court so long as they enter an appearance within a reasonable time.

## ARTICLE 3 COVENANTS

### 3.1 Covenants Regarding the Arrangement

From the date hereof until the Effective Date, the Parties will use all reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to agreements, leases and other contracts;
- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby; and
- (c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement.

Spinco agrees to comply with the terms and conditions and assume all obligations pursuant to the underlying agreements related to the Assets.

### **3.2 Covenants Regarding Execution of Documents**

- (a) The Parties will perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

### **3.3 Giving Effect to the Arrangement**

The Arrangement shall be effected in the following manner:

- (a) The Parties shall proceed forthwith to apply for the Interim Order providing for, among other things, the calling and holding of the Zeus Meeting for the purpose of, among other things, considering and, if deemed advisable, approving and adopting the Arrangement;
- (b) The Spinco Shareholder shall approve the Arrangement by consent resolutions;
- (c) Upon obtaining the Interim Order, Zeus shall call the Zeus Meeting and mail the Information Circular and related Notice of Meeting and form of Proxy to the Zeus Shareholders;
- (d) If the Zeus Shareholders approve the Arrangement, Zeus shall thereafter (subject to the exercise of any discretionary authority granted to Zeus's Board by the Zeus Shareholders) take the necessary actions to submit the Arrangement to the Court for approval and grant of the Final Order; and
- (e) Upon receipt of the Final Order, Zeus shall, subject to compliance with any of the other conditions provided for in Article 5 hereof and to the rights of termination contained in Article 7 hereof, file the required material with the Registrar in accordance with the terms of the Plan of Arrangement.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties**

Each of the Parties hereby represents and warrants to the other that:

- (a) It is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction of existence, and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) It has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by it;
- (c) Neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its constituting or governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it, or (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) No dissolution, winding up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

## **ARTICLE 5 CONDITIONS PRECEDENT**

### **5.1 Mutual Conditions Precedent**

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the Zeus Shareholders at the Zeus Meeting in accordance with the Arrangement Provisions, the constating documents of Zeus, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Arrangement and this Agreement, with or without amendment, shall have been approved by the Spinco Shareholder to the extent required by, and in accordance with, the Arrangement Provisions and the constating documents of Spinco;
- (d) the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, each in form acceptable to the Parties;
- (f) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Arrangement; and
- (g) this Agreement shall not have been terminated under Article 7.

Except for the conditions set forth in this §5.1 which, by their nature, may not be waived, any of the other conditions in this §5.1 may be waived, either in whole or in part, by any of the Parties, as the case may be, at its discretion.

## **5.2 Closing**

Unless this Agreement is terminated earlier pursuant to the provisions hereof, the Parties shall meet at the offices of Zeus at 1100 - 1199 West Hastings Street, Vancouver, British Columbia, or such other location as agreed to by the Parties, at 11:00 a.m. (Vancouver time) on such date as they may mutually agree (the “**Closing Date**”), and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and
- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

## **5.3 Merger of Conditions**

The conditions set out in §5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

## **5.4 Merger of Representations and Warranties**

The representations and warranties in §4.1 shall be conclusively deemed to be correct as of the Effective Date and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

## **ARTICLE 6 AMENDMENT**

### **6.1 Amendment**

This Agreement may at any time and from time to time before or after the holding of the Zeus Meeting be amended by written agreement of the Parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Zeus Shareholder without approval by the Zeus Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

## **ARTICLE 7 TERMINATION**

### **7.1 Termination**

Subject to §7.2, this Agreement may at any time before or after the holding of the Zeus Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the Zeus Board without further action on the part of the Zeus Shareholders, or by the board of directors of Spinco without further action on the part of the respective Spinco Shareholder and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the boards of directors of Zeus and Spinco, respectively, to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

### **7.2 Cessation of Right**

The right of any of the Parties or any other party to amend or terminate the Plan of Arrangement pursuant to §6.1 and §7.1 shall be extinguished upon the occurrence of the Effective Date.

## **ARTICLE 8 NOTICES**

### **8.1 Notices**

All notices which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by electronic transmission, in each case to the attention of the senior officer at the following addresses or at such other address as shall be specified by a Party by like notice:

In the case of ZEUS NORTH AMERICA MINING CORP.:

1100 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5  
Attention: Dean Besserer, CEO

In the case of KELSO MINING INC.:

401- 750 West Pender Street, Vancouver BC V6C 2T7  
Attention: Jesse Hahn, Director

the address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. Any notice that is delivered to such address shall be deemed to be delivered on the date of delivery if delivered on a Business Day prior to 4:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 4:00 p.m. or on a non-Business Day. Any notice delivered by facsimile transmission shall be deemed to be delivered on the date of transmission if delivered on a Business Day prior to 4:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 4:00 p.m. or on a non-Business Day.

## **ARTICLE 9 GENERAL**

### **9.1 Assignment and Enurement**

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior consent of the other Parties hereto.

### **9.2 Disclosure**

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if any Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Parties as to the wording of such disclosure prior to its being made.

### **9.3 Costs**

Zeus will cover the costs and expenses in connection with the transactions contemplated hereby.

### **9.4 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

### **9.5 Further Assurances**

Each Party hereto shall, from time to time and at all times hereafter, at the request of any other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

### **9.6 Time of Essence**

Time shall be of the essence of this Agreement.

### **9.7 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia. Each of the Parties hereto hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of British Columbia in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to

commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

#### **9.8 Waiver**

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

#### **9.9 Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument. Execution of this Agreement electronically or manually, and the electronic delivery of this Agreement in counterparts shall constitute valid delivery of the same.

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**ZEUS NORTH AMERICA MINING CORP.**

Per: "*Dean Besserer*"

Dean Besserer, CEO, Director  
Authorized Signatory

**KELSO MINING INC.**

Per: "*Jesse Hahn*"

Jesse Hahn, Director  
Authorized Signatory

**SCHEDULE A  
TO THE ARRANGEMENT AGREEMENT**

**PLAN OF ARRANGEMENT  
UNDER DIVISION 5 OF PART 9 OF THE  
*BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)*  
S.B.C. 2002, c. 57**

**ARTICLE 1.  
INTERPRETATION**

- 1.1 Terms used in this Plan of Arrangement have the same meaning as the terms used in the Arrangement Agreement.
- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

**ARTICLE 2.  
ARRANGEMENT AGREEMENT**

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement will become effective in accordance with its terms and be binding on the Effective Date on the Zeus Shareholders.

**ARTICLE 3.  
ARRANGEMENT**

- 3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of the Parties, but subject to the provisions of Article 6:
  - (a) subject to the obtaining the required approvals, Zeus will transfer the Assets to Spinco in consideration for the number equal to the number of Zeus Shares as of the Share Distribution Record Date of the Spinco Shares multiplied by the Conversion Factor (collectively the “**Distributed Spinco Shares**”). The central securities register of Spinco shall be amended accordingly.



- (b) The authorized share capital of Zeus will be altered by:
  - (i) changing the identifying name of the Zeus Shares to Class A common shares without par value, being the “**Zeus Class A Common Shares**”;
  - (ii) creating a class consisting of an unlimited number of common shares without par value (the “**New Zeus Shares**”); and
  - (iii) creating a class consisting of an unlimited number of Class A preferred shares without par value, having the rights and restrictions described in Schedule A to the Plan of Arrangement, being the “**Zeus Class A Preferred Shares**”.
- (c) Each issued Zeus Class A Common Share will be exchanged for one New Zeus Share and one Zeus Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the Zeus Class A Common Shares will be removed from the central securities register of Zeus and will be added to the central securities register as the holders of the number of New Zeus Shares and Zeus Class A Preferred Shares that they have received on the exchange.
- (d) All of the issued Zeus Class A Common Shares will be cancelled with the appropriate entries being made in the central securities register of Zeus and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the Zeus Class A Common Shares immediately prior to the Effective Date will be allocated between the New Zeus Shares and the Zeus Class A Preferred Shares so that the aggregate paid up capital of the Zeus Class A Preferred Shares is equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, and each Zeus Class A Preferred Share so issued will be issued by Zeus at an issue price equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, divided by the number of issued Zeus Class A Preferred Shares, such aggregate fair market value of the Distributed Spinco Shares to be determined as at the Effective Date by resolution of the board of directors of Zeus. Zeus will redeem the issued Zeus Class A Preferred Shares for consideration consisting solely of the Distributed Spinco Shares such that each holder of Zeus Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Spinco Shares that is equal to the number of Zeus Class A Preferred Shares held by such holder multiplied by the Conversion Factor.
- (e) Zeus will redeem the issued Zeus Class A Preferred Shares for consideration consisting solely of the Distributed Spinco Shares such that each holder of Zeus Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Spinco Shares that is equal to the number of Zeus Class A Preferred Shares held by such holder multiplied by the Conversion Factor;
- (f) The name of each holder of Zeus Class A Preferred Shares will be removed as such from the central securities register of Zeus, and all of the issued Zeus Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of Zeus.
- (g) The Distributed Spinco Shares transferred to the holders of the Zeus Class A Preferred Shares pursuant to § 3.1 (e) above will be registered in the names of the former holders of Zeus Class A Preferred Shares and appropriate entries will be made in the central securities registers of Spinco.
- (h) The Zeus Class A Common Shares and the Zeus Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in §3.1 (e) and §3.1 (g) and above are completed, will be cancelled and the authorized share structure of Zeus will be changed by eliminating the Zeus Class A Common Shares and the Zeus Class A Preferred Shares therefrom.
- (i) The Notice of Articles of Zeus will be amended to reflect the changes to its authorized share structure made pursuant to the Plan of Arrangement.

3.2 Notwithstanding §3.1(e) and §3.1(i) no fractional Spinco Shares shall be distributed to the Zeus Shareholders, as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed Spinco Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of Zeus in its absolute discretion.

- 3.3 The holders of the Zeus Class A Common Shares and the holders of New Zeus Shares and Zeus Class A Preferred Shares referred to in §3.1(c), and the holders of the Zeus Class A Preferred Shares referred to in §3.1 (e), §3.1(f) and §3.1(g), shall mean in all cases those persons who are Zeus Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.
- 3.4 In addition to the chronological order in which the transactions and events set out in §3.1 shall occur and shall be deemed to occur, the time on the Effective Date for the redemption of the Zeus Class A Preferred Shares set out in §3.1(e) shall occur and shall be deemed to occur on the Effective Date.
- 3.5 All New Zeus Shares, Zeus Class A Preferred Shares and Spinco Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.
- 3.6 The Arrangement shall become final and conclusively binding on the Zeus Shareholders and Spinco Shareholders and the Parties on the Effective Date.
- 3.7 Notwithstanding that the transactions and events set out in §3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of the Parties shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in §3.1 including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.

#### **ARTICLE 4. CERTIFICATES**

- 4.1 Recognizing that the Zeus Shares shall be re-designated as Zeus Class A Common Shares pursuant to §3.1(b)(i) and that the Zeus Class A Common Shares shall be exchanged partially for New Zeus Shares and Zeus Class A Preferred Shares pursuant to §3.1(c), Zeus shall not issue replacement share certificates representing the Zeus Class A Common Shares.
- 4.2 Recognizing that the Distributed Spinco Shares shall be transferred to the Zeus Shareholders as consideration for the redemption of the Zeus Class A Preferred Shares pursuant to §3.1(e), Spinco shall issue one share certificate representing all of the respective Distributed Spinco Shares, registered in the name of Zeus, which share certificate shall be held by the Depositary until the Distributed Spinco Shares are transferred to the Zeus Shareholders and such certificate shall then be cancelled by the Depositary. To facilitate the transfer of the Distributed Spinco Shares to the Zeus Shareholders as of the Share Distribution Record Date, Zeus shall execute and deliver to the Depositary and the Transfer Agent an irrevocable power of attorney, authorizing them to distribute and transfer the Distributed Spinco Shares to such Zeus Shareholders in accordance with the terms of this Plan of Arrangement and Spinco shall deliver a treasury order or such other direction to effect such issuance to the Transfer Agent as requested by it.
- 4.3 Recognizing that all of the Zeus Class A Preferred Shares issued to the Zeus Shareholders pursuant to §3.1(c) will be redeemed by Zeus as consideration for the distribution and transfer of the Distributed Spinco Shares under §3.1(e), Zeus shall issue one share certificate representing all of the Zeus Class A Preferred Shares issued pursuant to §3.1(c) and §3.1(e) in the name of the Depositary, for the benefit of the Zeus Shareholders until such Zeus Class A Preferred Shares are redeemed, and such certificate shall then be cancelled.
- 4.4 As soon as practicable after the Effective Date, Spinco shall cause (through the Transfer Agent) to be issued to the registered holders of Zeus Shares as of the Share Distribution Record Date, share certificates or direct registration statements representing the respective Spinco Shares to which they are entitled pursuant to this Plan of Arrangement and shall cause such share certificates or direct registration statements (“**DRS**”) to be mailed to such registered holders.

- 4.5 From and after the Effective Date, share certificates representing Zeus Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all purposes be deemed to be share certificates representing New Zeus Shares, and no new share certificates shall be issued with respect to the New Zeus Shares issued in connection with the Arrangement.
- 4.6 Zeus Shares traded, if any, after the Share Distribution Record Date and prior to the Effective Date shall represent New Zeus Shares, and shall not carry any right to receive a portion of the Distributed Spinco Shares.
- 4.7 To save time and resources, the Spinco may implement the share exchanges described in §3.1 by a single treasury order and all share issuances and cancelations described in §3.1 shall be deemed to have occurred.

## ARTICLE 5. DISSENTING SHAREHOLDERS

- 5.1 Notwithstanding §3.1 hereof, holders of Zeus Shares may exercise rights of dissent (the “**Dissent Right**”) in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in sections 237 – 247 of the BCBCA (collectively, the “**Dissent Procedures**”).
- 5.2 Zeus Shareholders who duly exercise Dissent Rights with respect to their Zeus Shares (“**Dissenting Shares**”) and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to Zeus for cancellation immediately before the Effective Date; or
  - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Zeus Shareholder and shall receive New Zeus Shares and Spinco Shares on the same basis as every other non-dissenting Zeus Shareholder, and in no case shall Zeus be required to recognize such person as holding Zeus Shares on or after the Effective Date.
- 5.3 If a Zeus Shareholder exercises the Dissent Right, Zeus shall, on the Effective Date, set aside and not distribute that portion of the Distributed Spinco Shares that is attributable to the Zeus Shares for which the Dissent Right has been exercised. If the dissenting Zeus Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Zeus shall distribute to such Zeus Shareholder his, her or its pro-rata portion of the respective Distributed Spinco Shares. If an Zeus Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid fair value for their Dissenting Shares, then Zeus shall retain the portion of Distributed Spinco Shares attributable to such Zeus Shareholder (collectively, the “**Non-Distributed Shares**”), and the Non-Distributed Shares shall be dealt with as determined by the board of directors of Zeus in its absolute discretion.

## ARTICLE 6. AMENDMENTS

- 6.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:
- (a) set out in writing;
  - (b) filed with the Court and, if made following the Zeus Meeting, approved by the Court; and
  - (c) communicated to holders of Zeus Shares and Spinco Shares, as the case may be, if and as required by the Court.

- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Zeus at any time prior to the Zeus Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Zeus Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 Zeus, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Zeus Meeting and prior to the Effective Date with the approval of the Court.
- 6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by the Parties, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of the Parties, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any of the Parties or any former holder of Zeus Shares and Spinco Shares as the case may be.

**ARTICLE 7.**  
**REFERENCE DATE**

- 7.1 This Plan of Arrangement is dated for reference August 26, 2024.

**SCHEDULE A  
TO THE PLAN OF ARRANGEMENT**

**SPECIAL RIGHTS AND RESTRICTIONS FOR CLASS A PREFERRED SHARES**

The Class A Preferred Shares as a class has or shall have attached to them the following special rights and restrictions:

**Definitions**

- (1) In these Special Rights and Restrictions,
  - (a) **“Arrangement”** means the arrangement pursuant to Division 5 of Part 9 of the Business Corporations Act (British Columbia) S.B.C 2002, c.57 as contemplated by the Arrangement Agreement,
  - (b) **“Arrangement Agreement”** means the Arrangement Agreement dated as of August 26, 2024 between ZEUS NORTH AMERICA MINING CORP. (the **“Company”**) and KELSO MINING INC.,
  - (c) **“Old Common Shares”** means the common shares in the authorized share structure of the Company that have been re-designated as the Zeus Class A Common Shares without par value pursuant to the Plan of Arrangement,
  - (d) **“Effective Date”** means the date upon which the Arrangement becomes effective,
  - (e) **“New Zeus Shares”** means the common shares without par value created in the authorized share structure of the Company pursuant to the Plan of Arrangement, and
  - (f) **“Plan of Arrangement”** means the Plan of Arrangement attached as Schedule “A” to the Arrangement Agreement.
- (2) The holders of the Class A Preferred Shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.
- (3) Class A Preferred Shares shall only be issued on the exchange of Old Common Shares for New Zeus Shares and Class A Preferred Shares pursuant to and in accordance with the Plan of Arrangement.
- (4) The capital to be allocated to the Class A Preferred Shares shall be the amount determined in accordance with §3.1(d) of the Plan of Arrangement.
- (5) The Class A Preferred Shares shall be redeemable by the Company pursuant to and in accordance with the Plan of Arrangement.
- (6) Any Class A Preferred Share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

**SCHEDULE B  
TO THE ARRANGEMENT AGREEMENT**

**ASSETS**

**Chlore Mineral Property Claims**

<b>Title Number</b>	<b>Claim Name</b>	<b>Owner</b>	<b>Title Type</b>	<b>Title Sub Type</b>	<b>Map Number</b>	<b>Issue Date</b>	<b>Good To Date</b>	<b>Status</b>	<b>Area (ha)</b>
1071729	CHLORE 1	288599 (100%)	Mineral	Claim	093L	2019/OCT/11	2032/JUL/09	GOOD	37.9123
1080876	CHLORE 2	288599 (100%)	Mineral	Claim	093L	2021/JAN/31	2032/JUL/09	GOOD	246.4581
1080877	CHLORE 3	288599 (100%)	Mineral	Claim	093L	2021/JAN/31	2032/JUL/09	GOOD	246.3827
1080878	CHLORE 4	288599 (100%)	Mineral	Claim	093L	2021/JAN/31	2032/JUL/09	GOOD	474.0965

**APPENDIX C -  
INTERIM ORDER**



NO. S 247499

VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING ZEUS NORTH AMERICA MINING CORP., KELSO MINING INC. AND THE SHAREHOLDERS OF ZEUS NORTH AMERICA MINING CORP.

**ZEUS NORTH AMERICA MINING CORP.**

PETITIONER

**ORDER MADE AFTER APPLICATION**

**INTERIM ORDER**

BEFORE ASSOCIATE JUDGE

*BILAWKH*

THE 5<sup>th</sup> DAY OF NOVEMBER, 2024

ON THE APPLICATION WITHOUT NOTICE of the Petitioner, ZEUS NORTH AMERICA MINING CORP. ("ZEUS") for an interim order (the "**Interim Order**") pursuant to its Petition dated October 31, 2024, coming on for hearing at Vancouver, British Columbia, on the 5<sup>th</sup> day of November, 2024, and on hearing Linas Antanavicius, counsel for the Petitioner, and upon reading the Petition herein and the Affidavit #1 of Lawrence Cheung made on October 31, 2024 and the pleadings filed herein:

THIS COURT ORDERS that:

**Definitions**

1. As used in this Order, unless otherwise defined, terms beginning with capital letters have the respective meanings set out in the notice of meeting and management information circular (the



“Circular”) for the annual general and special meeting (the “Meeting”) of shareholders of ZEUS (the “ZEUS Shareholders”) attached as **Exhibit “B”** to the Affidavit of Lawrence Cheung sworn on October 31, 2024 (the “Cheung Affidavit”).

### **The Meeting**

2. Pursuant to Sections 289 and 291 of the *Business Corporations Act*, S.B.C., 2002, c. 57, as amended (the “BCBCA”), ZEUS is authorized and directed to call, hold and conduct the Meeting of the ZEUS Shareholders to be held at 11:00 a.m. (Vancouver time) on December 19, 2024 at Suite 780-789 West Pender Street, Vancouver, British Columbia, V6C 1H2 or any other location in British Columbia to:

- (a) consider, and if thought advisable, to pass, with or without amendment, a special resolution (the “Arrangement Resolution”) to approve an arrangement (the “Arrangement”) under section 288 of the BCBCA, the full text of which resolution is set forth in Appendix A to, and all as more particularly described in the Circular; and
- (b) consider other matters, including without limitation such amendments or variations to the foregoing matters, as may properly come before the Meeting or any adjournment thereof.

3. The Meeting shall be called, held and conducted in accordance with the BCBCA, the Circular and the articles of ZEUS, subject to the terms of this Interim Order, and any further Order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order.

### **Adjournment of the Meeting**

4. ZEUS, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the ZEUS Shareholders respecting the adjournment or postponement and without the need for approval of the Court. Notice of any such adjournments or postponements shall be given by news release, newspaper advertisement, or by notice sent to ZEUS Shareholders by one of the methods specified in paragraph 9 of this Interim Order.

5. The Record Date (as defined in paragraph 7 below) shall not change in respect of adjournments or postponements of the Meeting.

#### **Amendments**

6. Prior to the Meeting, ZEUS is authorized to make such amendments, revisions or supplements to the Arrangement in accordance with the Arrangement Agreement without any additional notice to the ZEUS Shareholders, and the Arrangement as so amended, revised and supplemented shall be the Arrangement submitted to the Meeting, and the subject of the Arrangement Resolution.

#### **Record Date**

7. The record date for determining the ZEUS Shareholders entitled to receive notice of, attend and vote at the Meeting shall be October 31, 2024 (the “**Record Date**”), as previously approved by the board of directors of ZEUS (the “**Board**”) or such other date as the Board may determine as disclosed to the ZEUS Shareholders in the manner they see fit.

#### **The Meeting Materials**

8. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of Section 290(1)(a) of the BCBCA, and ZEUS shall not be required to send to the ZEUS Shareholders any other or additional statement pursuant to Section 290(1)(a) of the BCBCA.

9. The Circular, form of proxy and voting instructions in substantially the same form as contained in Exhibits “B”, “C” and “D” to the Affidavit #1 of Lawrence Cheung (collectively, the “**Meeting Materials**”), with such deletions, amendments, corrections or additions thereto as counsel for the Petitioner may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this Interim Order, shall be sent to:

- (a) the ZEUS Shareholders as they appear on the securities registers of ZEUS as at the Record Date, such Meeting Materials to be sent at least twenty-one (21) days prior to the date of the Meeting by one or more of the following methods:
  - (i) by prepaid ordinary or air mail addressed to the ZEUS Shareholder at his, her or its address as it appears on the applicable register of holders of ZEUS as at the Record Date;

- (ii) by delivery in person or by delivery to the addresses specified in paragraph 9 (a)(i) above; or
  - (iii) by email or facsimile transmission to any ZEUS Shareholder who identifies himself, herself or itself to the satisfaction of ZEUS, acting through its representatives, who requests such email or facsimile transmission; and
- (b) in the case of non-registered ZEUS Shareholders, by providing copies of the Meeting Materials to intermediaries and registered nominees for sending to beneficial owners;

and substantial compliance with this paragraph shall constitute good and sufficient notice of the Meeting.

10. Accidental failure of or omission by ZEUS to give notice to any one or more ZEUS Shareholders, or the non-receipt of such notice by one or more ZEUS Shareholders, or any failure or omission to give such notice as a result of events beyond the reasonable control of ZEUS (including, without limitation, any inability to use postal services), shall not constitute a breach of this Interim Order or, in relation to notice to ZEUS Shareholders, a defect in the calling of the Meeting, and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of ZEUS then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

#### **Deemed Receipt of Meeting Materials**

11. The Meeting Materials shall be deemed, for the purposes of this Order, to have been received:

- (a) in the case of mailing, the day, Saturdays and holidays excepted, following the date of mailing;
- (b) in the case of delivery in person, the day following personal delivery or the day following delivery to the person's address in paragraph 9 above; and
- (c) in the case of any means of transmitted, recorded or electronic communication, when dispatched or delivered for dispatch.

### **Updating Meeting Materials**

12. Notice of any amendments, updates or supplement to any of the information provided in the Meeting Materials may be communicated to the ZEUS Shareholders by news release, newspaper advertisement or by notice sent to the ZEUS Shareholders by any of the means set forth in paragraph 9 herein, as determined to be the most appropriate method of communication by the Board.

### **Quorum and Voting**

13. The quorum for the Meeting shall be the quorum for the approval of a special resolution pursuant to the articles of ZEUS.

14. The votes taken at the Meeting shall be taken on the basis of one vote per common share and the vote required to pass the Arrangement Resolution shall be the affirmative vote of at least 66  $\frac{2}{3}$ % of the aggregate votes cast by the ZEUS Shareholders, voting as a single class, present in person or represented by proxy at the Meeting.

15. In all other respects, the terms, restrictions and conditions of the articles of ZEUS will apply in respect of the Meeting.

### **Permitted Attendees**

16. The only persons entitled to attend the Meeting shall be the registered ZEUS Shareholders or their respective proxyholders as of the Record Date, ZEUS's Board, officers, auditors, the directors, officers, auditors and advisors of KELSO MINING INC., and any other person admitted on the invitation of the Chair or with the consent of the Meeting, and the only persons entitled to be represented and to vote at the Meeting shall be the registered ZEUS Shareholders as at the close of business on the Record Date, or their respective proxyholders.

### **Scrutineers**

17. A representative of ZEUS's registrar and transfer agent (or any agent thereof) is authorized to act as scrutineer for the Meeting.

## **Solicitation of Proxies**

18. ZEUS is authorized to use the form of proxy in connection with the Meeting, in substantially the same form as attached as **Exhibit “C”** to the Affidavit #1 of Lawrence Cheung and ZEUS may in its discretion waive generally the time limits for deposit of proxies by ZEUS Shareholders if ZEUS deems it reasonable to do so. ZEUS is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communication as it may determine.

19. The procedure for the use of proxies at the Meeting shall be as set out in the Meeting Materials.

## **Dissent Rights**

20. Each of the ZEUS Shareholders may exercise rights of dissent (“**Dissent Rights**”) under Division 2 of Part 8 of the BCBCA, as modified by the Plan of Arrangement with respect to common shares of ZEUS in connection with the Arrangement, provided that the notice of dissent contemplated by Section 242 of the BCBCA must be received by ZEUS at its head office at 1100 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5, Canada, Attention: CEO, by 11:00 a.m. (Vancouver time) on December 17, 2024, or two business days prior to the date of the Meeting or any date to which the Meeting may be postponed or adjourned.

## **Application for Final Order**

21. Upon the approval, with or without variation by the ZEUS Shareholders of the Arrangement, in the manner set forth in this Interim Order, ZEUS may apply to this Court for, *inter alia*, an Order:

- (a) pursuant to BCBCA Section 291(4)(a) approving the Arrangement; and
  - (b) pursuant to BCBCA Section 291(4)(c) declaring that the terms and conditions of the Arrangement are fair and reasonable (both procedurally and substantively).
- (collectively, the “**Final Order**”)

and that the hearing of the Final Order will be held on January 7, 2025 at 9:45 a.m. (Vancouver time) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia or as soon thereafter as the hearing of the Final Order can be heard or at such other date and time as this Court may direct.

22. The form of Notice of Hearing of Petition, attached as **Appendix “E”** to the Circular, is hereby approved as the form of notice of proceedings for such approval.

23. Any ZEUS Shareholder has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order.

24. Any ZEUS Shareholder, director or auditor of the Petitioner, or any other interested party with leave of the Court, may appear at the hearing of the Final Order provided that such person shall file a Response to the Petition herein in the form prescribed by the Rules of Court of the Supreme Court of British Columbia, and deliver a copy of the filed Response, together with a copy of all material on which such person intends to rely at the hearing, to counsel for the Petitioner at its address for delivery as set out in the Petition, on or before 4:00 p.m. (Vancouver Time) on December 18, 2024, or as the Court may otherwise direct.

25. Sending the Notice of Hearing of Petition and this Interim Order as attached to the Circular in accordance with paragraph 9 of this Order shall constitute good and sufficient service of the within proceedings and no other form of service need be made and no other material need be served on such persons in respect of these proceedings and that service of the affidavits in support is dispensed with.

26. In the event the hearing for the Final Order is adjourned, only those persons who have filed and delivered a Response to Petition in accordance with this Interim Order need be served with materials filed in this proceeding and provided with notice of the adjourned hearing date.

#### **Variance and Further Court Orders**

27. The Petitioner shall be entitled, at any time, to apply to vary this Interim Order or to apply for further Orders as may be appropriate.

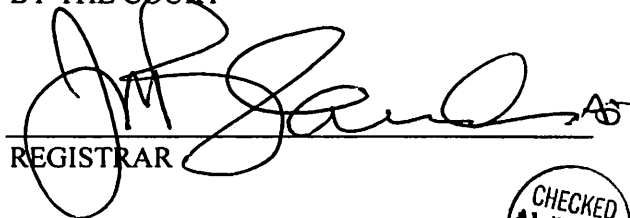
28. British Columbia Supreme Court Civil Rules 8-1 and 16-1(3) will not apply to any further applications in respect of this proceeding, including the application for the Final Order and any application to vary this Interim Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



\_\_\_\_\_  
Linas Antanavicius  
COUNSEL FOR THE PETITIONER

BY THE COURT

  
\_\_\_\_\_  
REGISTRAR

## **APPENDIX D - DISSENT PROCEDURES**

Pursuant to the Interim Order, ZEUS Shareholders have the right to dissent to the Arrangement. Such right of dissent is described in the Circular. See *Rights of Dissent* for details of the right to dissent and the procedure for compliance with the right of dissent. The full text of Sections 237 to 247 of the BCBCA is set forth below. Note that certain provisions of Sections 237 to 247 have been modified by the Interim Order.

### **SECTIONS 237 TO 247 OF THE BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)**

#### **Definitions and application**

237 (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291(2)(c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section

238 (1)(g), the court orders otherwise or the resolution provides otherwise.

#### **Right to dissent**

238 (1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles (i) to alter restrictions on the powers of the company or on the business it is permitted to carry on;
  - (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
  - (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
  - (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
  - (e) under section 301(5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company’s undertaking;
  - (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
  - (g) in respect of any other resolution, if dissent is authorized by the resolution;
  - (h) in respect of any court order that permits dissent.
- (2) A shareholder wishing to dissent must
- (a) prepare a separate notice of dissent under section 242 for
    - (i) the shareholder, if the shareholder is dissenting on the shareholder’s own behalf, and



- (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242(4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
  - (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
  - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

#### **Waiver of right to dissent**

- 239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
- (a) provide to the company a separate waiver for
    - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
    - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
  - (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to
- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
  - (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.
- (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

#### **Notice of resolution**

- 240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
  - (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.
- (2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
- (b) a statement advising of the right to send a notice of dissent, and
- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

#### **Notice of court orders**

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

#### **Notice of dissent**

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238(1)(a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240(1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240(3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240(1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
  - (i) the date on which the shareholder learns that the resolution was passed, and
  - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

1. A shareholder intending to dissent in respect of a resolution referred to in section 238(1)(g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240(2)(b) or (3)(b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238(1)(h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
- (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
  - (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
- (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
  - (i) the name and address of the beneficial owner, and
  - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

#### **Notice of intention to proceed**

- 243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
    - (i) the date on which the company forms the intention to proceed, and
    - (ii) the date on which the notice of dissent was received, or
  - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
  - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
  - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

#### **Completion of dissent**

- 244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
  - (b) the certificates, if any, representing the notice shares, and if section 242(4)(c) applies, a written statement that complies with subsection of this section.
- (2) The written statement referred to in subsection (1)(c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
  - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

- (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
  - (a) the dissenter is deemed to have sold to the company the notice shares, and
  - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

### **Payment for notice shares**

245 (1) A company and a dissenter who has complied with section 244(1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

- (a) promptly pay that amount to the dissenter, or
  - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
  - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244(1), and
  - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2)
- (a) of this section, the company must
    - (a) pay to each dissenter who has complied with section 244(1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
    - (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
  - (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
    - (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
    - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.
- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
- (a) the company is insolvent, or

- (b) the payment would render the company insolvent.

### **Loss of right to dissent**

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

### **Shareholders entitled to return of shares and rights**

247 If, under section 244(4) or (5), 245(4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244(1)(b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244(6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

**APPENDIX E -  
NOTICE OF HEARING**

NO. S 247499  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING  
ZEUS NORTH AMERICA MINING CORP., KELSO MINING INC. AND THE SHAREHOLDERS OF  
ZEUS NORTH AMERICA MINING CORP.

**ZEUS NORTH AMERICA MINING CORP.**

PETITIONER

**NOTICE OF HEARING**

To: The Shareholders of Zeus North America Mining Corp.

TAKE NOTICE that a Petition has been filed by Zeus North America Mining Corp. (the “**Petitioner**”) in the Supreme Court of British Columbia for approval of the plan of arrangement (the “**Arrangement**”), pursuant to the Business Corporations Act, S.B.C 2002, Chapter 57, as amended.

AND TAKE FURTHER NOTICE that by an Interim Order of the Supreme Court of British Columbia, pronounced on November 5, 2024, the Court has given directions as to the calling of a special meeting of the holders of common shares (the “**Zeus Shareholders**”) in the capital of the Petitioner for the purpose, inter alia, of considering and voting upon the Arrangement and approving the Arrangement.

AND TAKE FURTHER NOTICE that the Petition of the Petitioner dated October 31, 2024, for a Final Order approving the Arrangement and for a determination that the terms and conditions of the Arrangement are fair to the ZEUS Shareholders shall be heard before the presiding judge in Chambers at the courthouse at 800 Smithe Street, Vancouver, British Columbia on January 7, 2025 at 9:45 a.m. or soon thereafter as counsel may be heard.

A copy of the said Petition and other documents in the proceedings will be furnished to any Zeus Shareholder upon request in writing to the Petitioner’s counsel at 780 – 789 West Pender Street, Vancouver, BC V6C 1H2.

**1. Date of Hearing**

☒ The Petition is unopposed, by consent or without notice.

*The date of the hearing has been determined pursuant to the Interim Order. The Petitioner expects that the Petition will be unopposed.*

**2. Duration of Hearing**

☒ The time estimate of the Petitioner is 15 minutes.

**3. Jurisdiction**

☒ This matter is not within the jurisdiction of an associate judge.

Dated at the City of Vancouver, in the Province of British Columbia on November 5, 2024.



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Linus Antanavicius  
COUNSEL FOR THE PETITIONER

This Notice of Hearing is filed by Linas Antanavicius, Barrister & Solicitor whose place of business and address for delivery is 780 – 789 West Pender Street, Vancouver, British Columbia V6C 1H2.



**APPENDIX F -  
AUDIT COMMITTEE CHARTER**

**ZEUS NORTH AMERICA MINING CORP. (the "Company")**

**AUDIT COMMITTEE CHARTER**

This Charter establishes the composition, the authority, roles and responsibilities and the general objectives of the Company's audit committee, or its Board of Directors in lieu thereof (the "Audit Committee"). The roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Company and any subsidiaries.

**1. Composition**

- (a) Number of Members. The Audit Committee must be comprised of a minimum of three directors of the Company.
- (b) Chair. If there is more than one member of the Audit Committee, members will appoint a chair of the Audit Committee (the "Chair") to serve for a term of one (1) year on an annual basis. The Chair may serve as the chair of the Audit Committee for any number of consecutive terms.
- (c) Financial Literacy. All members of the audit committee will be financially literate as defined by applicable legislation. If upon appointment a member of the Audit Committee is not financially literate as required, the person will be provided with a period of three months to acquire the required level of financial literacy.

**2. Meetings**

- (a) Quorum. The quorum required to constitute a meeting of the Audit Committee is set at a majority of members.
- (b) Agenda. The Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to all Audit Committee members for members to have a reasonable amount of time to review the materials prior to the meeting.
- (c) Notice to Auditors. The Company's auditors (the "Auditors") may be provided with notice as necessary of any Audit Committee meeting, may be invited to attend each such meeting and may receive an opportunity to be heard at those meetings on matters related to the Auditor's duties.
- (d) Minutes. Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee.

**3. Roles and Responsibilities**

The roles and responsibilities of the Audit Committee include the following:

External Auditor

The Audit Committee will:

- (a) Selection of the external auditor. Select, evaluate and recommend to the Board, for shareholder approval, the Auditor to examine the Company's accounts, controls and financial statements.
- (b) Scope of Work. Evaluate, prior to the annual audit by the Auditors, the scope and general extent of the Auditor's review, including the Auditor's engagement letter.
- (c) Compensation. Recommend to the Board the compensation to be paid to the external auditors.
- (d) Replacement of Auditor. If necessary, recommend the replacement of the Auditor to the Board of Directors.
- (e) Approve Non-Audit Related Services. Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries.

- (f) Responsibility for Oversight. Must directly oversee the work of the Auditor. The Auditor must report directly to the Audit Committee.
- (g) Resolution of Disputes. Assist with resolving any disputes between the Company's management and the Auditors regarding financial reporting.

#### Consolidated Financial Statements and Financial Information

The Audit Committee will:

- (a) Review Audited Financial Statements. Review the audited consolidated financial statements of the Company, discuss those statements with management and with the Auditor, and recommend their approval to the Board.
- (b) Review of Interim Financial Statements. Review and discuss with management the quarterly consolidated financial statements, and if appropriate, recommend their approval by the Board.
- (c) MD&A, Annual and Interim Earnings Press Releases, Audit Committee Reports. Review the Company's management discussion and analysis, interim and annual press releases, and audit committee reports before the Company publicly discloses this information.
- (d) Auditor Reports and Recommendations. Review and consider any significant reports and recommendations issued by the Auditor, together with management's response, and the extent to which recommendations made by the Auditor have been implemented.

#### Risk Management, Internal Controls and Information Systems

The Audit Committee will:

- (a) Internal Control. Review with the Auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls. Remain informed, through communications with the Auditor, of any weaknesses in internal control that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws or regulations.
- (b) Financial Management. Periodically review the team in place to carry out financial reporting functions, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in these functions.
- (c) Accounting Policies and Practices. Review management plans regarding any changes in accounting practices or policies and the financial impact thereof.
- (d) Litigation. Review with the Auditors and legal counsel any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the consolidated financial statements.
- (e) Other. Discuss with management and the Auditors correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure.

#### Complaints

- (a) Accounting, Auditing and Internal Control Complaints. The Audit Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.
- (b) Employee Complaints. The Audit Committee must establish a procedure for the confidential transmittal on condition of anonymity by the Company's employees of concerns regarding questionable accounting or auditing matters.

### **4. Authority**

- (a) Auditor. The Auditor, and any internal auditors hired by the company, will report directly to the Audit Committee.
- (b) Independent Advisors. The Audit Committee may, at the Company's expense and without the approval of management, retain the services of independent legal counsels and any other advisors it deems necessary to carry out its duties and set and pay the monetary compensation of these individuals.

### **5. Reporting**

The Audit Committee will report to the Board on:

- (a) the Auditor's independence;
- (b) the performance of the Auditor and any recommendations of the Audit Committee in relation thereto;
- (c) the reappointment and termination of the Auditor;
- (d) the adequacy of the Company's internal controls and disclosure controls;
- (e) the Audit Committee's review of the annual and interim consolidated financial statements;
- (f) the Audit Committee's review of the annual and interim management discussion and analysis;
- (g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
- (h) all other material matters dealt with by the Audit Committee.

**APPENDIX G -  
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
ZEUS NORTH AMERICA MINING CORP. FOR THE YEARS ENDED OCTOBER 31, 2023 AND  
OCTOBER 31, 2022**

**UMDONI EXPLORATION INC.**

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

(Expressed in Canadian Dollars)

UNIT# 172  
4300 NORTH FRASER WAY  
BURNABY, BC, V5J 5J8

T: 604.318.5465  
F: 778.375.4567

**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**

#### Description of the matter

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 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 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 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.

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

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

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

**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
<b>Expenses</b>			
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)
<b>Other item</b>			
Accretion expense		(18,131)	(9,270)
<b>Net loss and comprehensive loss</b>	<b>\$</b>	<b>(99,903)</b>	<b>\$ (95,372)</b>
<b>Loss per share – basic and diluted</b>	<b>\$</b>	<b>(0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>		<b>8,731,093</b>	<b>5,969,449</b>

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*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 Surplus	Accumulated Deficit	Total Shareholders' Equity (Deficiency)
<b>Balance at October 31, 2021</b>		<b>5,969,449</b>	<b>\$ 448,009</b>	<b>\$ -</b>	<b>\$ (487,038)</b>	<b>\$ (39,029)</b>
Capital contribution by related parties	6	-	-	35,960	-	35,960
Net loss for the year		-	-	-	(95,372)	(95,372)
<b>Balance at October 31, 2022</b>		<b>5,969,449</b>	<b>448,009</b>	<b>35,960</b>	<b>(582,410)</b>	<b>(98,441)</b>
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)
<b>Balance at October 31, 2023</b>		<b>8,969,449</b>	<b>\$ 736,842</b>	<b>\$ 35,960</b>	<b>\$ (682,313)</b>	<b>\$ 90,489</b>

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*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
<b>Operating activities</b>		
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 liabilities	2,645	(4,660)
<b>Net cash flows used in operating activities</b>	<b>(79,583)</b>	<b>(98,917)</b>
<b>Financing activities</b>		
Share issued for cash	300,000	-
Share issuance cost	(11,167)	-
Related party loans	(5,788)	78,843
<b>Net cash flows provided by financing activities</b>	<b>283,045</b>	<b>78,843</b>
<b>Investing activities</b>		
Exploration and evaluation expenditures	(46,175)	-
<b>Net cash flows used in investing activities</b>	<b>(46,175)</b>	<b>-</b>
Net change in cash	157,287	(20,074)
Cash, beginning	9,905	29,979
<b>Cash, ending</b>	<b>\$ 167,192</b>	<b>\$ 9,905</b>
<b>Supplemental non-cash flow information</b>		
Exploration and evaluation expenditures in Accounts payables and accrued liabilities	\$ 49,008	\$ -
<b>Supplemental cash flow information</b>		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

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

# UMDONI EXPLORATION INC.

Notes to the Consolidated Financial Statements  
For the Years Ended October 31, 2023, and 2022  
(Expressed in Canadian Dollars)

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## 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.

## UMDONI EXPLORATION INC.

Notes to the Consolidated Financial Statements  
For the Years Ended October 31, 2023, and 2022  
(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:

	Country of incorporation	Percentage owned	
		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.

## UMDONI EXPLORATION INC.

Notes to the Consolidated Financial Statements  
For the Years Ended October 31, 2023, and 2022  
(Expressed in Canadian Dollars)

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### 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.

## UMDONI EXPLORATION INC.

Notes to the Consolidated Financial Statements  
For the Years Ended October 31, 2023, and 2022  
(Expressed in Canadian Dollars)

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### 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.



## **UMDONI EXPLORATION INC.**

Notes to the Consolidated Financial Statements  
For the Years Ended October 31, 2023, and 2022  
(Expressed in Canadian Dollars)

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### **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.

## UMDONI EXPLORATION INC.

Notes to the Consolidated Financial Statements  
For the Years Ended October 31, 2023, and 2022  
(Expressed in Canadian Dollars)

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### 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

## UMDONI EXPLORATION INC.

Notes to the Consolidated Financial Statements  
For the Years Ended October 31, 2023, and 2022  
(Expressed in Canadian Dollars)

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### 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
<b>Property acquisition costs</b>		
Balance, beginning	\$ 1,000	\$ 1,000
Balance, ending	1,000	1,000
<b>Exploration and evaluation costs</b>		
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
<b>Total exploration and evaluation assets</b>	<b>\$ 174,331</b>	<b>\$ 79,148</b>

**UMDONI EXPLORATION INC.**

Notes to the Consolidated Financial Statements  
For the Years Ended October 31, 2023, and 2022  
(Expressed in Canadian Dollars)

**5. Accounts payable and accrued liabilities**

	<b>October 31, 2023</b>		<b>October 31, 2022</b>	
Accounts payable	\$	69,652	\$	16,200
Accrued liabilities		7,590		9,390
	<b>\$</b>	<b>77,242</b>	<b>\$</b>	<b>25,590</b>

**6. Related party loans and loans payable**

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

	<b>October 31, 2023</b>		<b>October 31, 2022</b>	
<b>Loan</b>				
Current	\$	183,351	\$	58,217
Non-current		-		112,790
	<b>\$</b>	<b>183,351</b>	<b>\$</b>	<b>171,007</b>

**Related Party Loan**

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

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 reclassified 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).

## UMDONI EXPLORATION INC.

Notes to the Consolidated Financial Statements  
For the Years Ended October 31, 2023, and 2022  
(Expressed in Canadian Dollars)

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### 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.

## UMDONI EXPLORATION INC.

Notes to the Consolidated Financial Statements  
For the Years Ended October 31, 2023, and 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
<b>Income tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

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

	October 31, 2023	October 31, 2022
Substantively 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)
	<b>\$ -</b>	<b>\$ -</b>

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.

## UMDONI EXPLORATION INC.

Notes to the Consolidated Financial Statements  
For the Years Ended October 31, 2023, and 2022  
(Expressed in Canadian Dollars)

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### 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

## UMDONI EXPLORATION INC.

Notes to the Consolidated Financial Statements  
For the Years Ended October 31, 2023, and 2022  
(Expressed in Canadian Dollars)

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### 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.



**APPENDIX H -  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF  
ZEUS NORTH AMERICA MINING CORP.  
FOR THE PERIOD ENDED JULY 31, 2024**

**Zeus North America Mining Corp.  
(formerly Umdoni Exploration Inc.)**

**Condensed Interim Consolidated Financial Statements**  
For the Three and Nine Months Ended July 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

ZEUS NORTH AMERICA MINING CORP. (formerly Umdoni Exploration Inc.)  
Condensed Interim Consolidated Statements of Financial Position  
As at July 31, 2024 and October 31, 2023  
(Unaudited - Expressed in Canadian Dollars)

	Note	July 31, 2024	October 31, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 326,591	\$ 167,192
Receivables		52,729	9,559
Prepaid expenses		80,293	-
		459,613	176,751
<b>Non-Current assets</b>			
Exploration and evaluation assets	3, 4	4,516,208	174,331
Equipment	5	39,529	-
<b>TOTAL ASSETS</b>		<b>\$ 5,015,350</b>	<b>\$ 351,082</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6, 9	\$ 1,068,144	\$ 77,242
Loans payable	7	-	183,351
<b>TOTAL LIABILITIES</b>		<b>1,068,144</b>	<b>260,593</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	5,209,347	736,842
Contributed surplus		484,647	35,960
Foreign translation reserve		13,600	-
Accumulated deficit		(1,760,388)	(682,313)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>3,947,206</b>	<b>90,489</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 5,015,350</b>	<b>\$ 351,082</b>

Nature of operations (Note 1)  
Subsequent events (Note 14)

**Approved and authorized by the Board on September 26, 2024**

"Jesse Hahn"  
Jesse Hahn, Director

"Dean Besserer"  
Dean Besserer, Director

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

ZEUS NORTH AMERICA MINING CORP. (formerly Umdoni Exploration Inc.)  
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
For the Three and Nine Months Ended July 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

	Note	For the three months ended July 31, 2024	For the three months ended July 31, 2023	For the nine months ended July 31, 2024	For the nine months ended July 31, 2023
<b>Expenses</b>					
Office and administration costs		\$ 47,209	\$ 18	\$ 68,741	\$ 56
Management fees	9	45,000	-	90,000	-
Investor relations and marketing fees		295,437	-	426,045	-
Share-based compensation	8, 9	28,089	-	307,365	-
Professional and consulting fees		61,081	11,477	355,169	40,835
Amortization	5	471	-	471	-
Transfer agent and filing fees		18,058	2,591	51,869	30,729
Total expenses		(495,345)	(14,086)	(1,299,660)	(71,620)
<b>Other items</b>					
Foreign exchange		(4,076)	-	(8,415)	-
Gain on debt settlement	7	-	-	235,012	-
Accretion expense	7	-	(4,650)	(5,012)	(13,304)
<b>Net loss</b>		<b>\$ (499,421)</b>	<b>\$ (18,736)</b>	<b>\$ (1,078,075)</b>	<b>\$ (84,924)</b>
<b>Other comprehensive income</b>					
Foreign currency translation		6,516	-	13,600	-
<b>Net loss and comprehensive loss</b>		<b>\$ (492,905)</b>	<b>\$ (18,736)</b>	<b>\$ (1,064,475)</b>	<b>\$ (84,924)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.03)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>		<b>53,538,898</b>	<b>17,938,898</b>	<b>39,836,708</b>	<b>17,301,536</b>

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

ZEUS NORTH AMERICA MINING CORP. (formerly Umdoni Exploration Inc.)  
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
For the Nine Months Ended July 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Foreign Translation Reserve	Accumulated Deficit	Total Shareholders' Equity
Balance at October 31, 2022	11,938,898	\$ 448,009	\$ 35,960	\$ -	\$ (582,410)	\$ (98,441)
Shares issued, private placement	6,000,000	300,000	-	-	-	300,000
Share issuance cost	-	(11,167)	-	-	-	(11,167)
Net loss and comprehensive loss for the period	-	-	-	-	(84,924)	(84,924)
<b>Balance at July 31, 2023</b>	<b>17,938,898</b>	<b>\$ 736,842</b>	<b>\$ 35,960</b>	<b>\$ -</b>	<b>\$ (667,334)</b>	<b>\$ 105,468</b>
Balance at October 31, 2023	17,938,898	\$ 736,842	\$ 35,960	\$ -	\$ (682,313)	\$ 90,489
Shares issued, private placement	20,000,000	2,000,000	-	-	-	2,000,000
Shares issued, warrant exercises	1,600,000	96,000	-	-	-	96,000
Shares issued, acquisition of 1273180 B.C. Ltd.	14,000,000	2,660,000	-	-	-	2,660,000
Share issuance cost	-	(283,495)	141,322	-	-	(142,173)
Share-based compensation	-	-	307,365	-	-	307,365
Net loss and comprehensive loss for the period	-	-	-	13,600	(1,078,075)	(1,064,475)
<b>Balance at July 31, 2024</b>	<b>53,538,898</b>	<b>\$ 5,209,347</b>	<b>\$ 484,647</b>	<b>\$ 13,600</b>	<b>\$ (1,760,388)</b>	<b>\$ 3,947,206</b>

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

ZEUS NORTH AMERICA MINING CORP. (formerly Umdoni Exploration Inc.)  
Condensed Interim Consolidated Statements of Cash Flows  
For the Nine Months Ended July 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

	For the nine months ended July 31, 2024	For the nine months ended July 31, 2023
<b>Operating activities</b>		
Net loss	\$ (1,078,075)	\$ (84,924)
Adjustment for non-cash items:		
Accretion expense	5,012	13,304
Amortization	471	-
Share-based compensation	307,365	-
Gain on debt settlement	(235,012)	-
Changes in working capital:		
Receivables	(42,997)	(3,069)
Prepaid expenses	(80,293)	7,895
Accounts payable and accrued liabilities	87,787	4,635
<b>Net cash flows used in operating activities</b>	<b>(1,035,742)</b>	<b>(62,159)</b>
<b>Financing activities</b>		
Share issued for cash	2,096,000	300,000
Share issuance cost	(142,173)	(11,167)
Related party loans	(183,351)	(2,605)
<b>Net cash flows provided by financing activities</b>	<b>1,770,476</b>	<b>286,228</b>
<b>Investing activities</b>		
Exploration and evaluation expenditures	(338,056)	(2,400)
Purchase of equipment	(40,000)	-
Cash acquired on sale of Hab Capital Corp.	1	-
Cash acquired on acquisition of 1273180 B.C. Ltd.	19,120	-
Cash paid to acquire 1273180 B.C. Ltd.	(230,000)	-
<b>Net cash flows used in investing activities</b>	<b>(588,935)</b>	<b>(2,400)</b>
<b>Foreign exchange effect on cash</b>	<b>13,600</b>	<b>-</b>
Net change in cash	159,399	221,669
Cash, beginning	167,192	9,905
<b>Cash, ending</b>	<b>\$ 326,591</b>	<b>\$ 231,574</b>
<b>Supplemental cash flow information</b>		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

Supplemental cash flow information (Note 10)

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

## **1. Description of business and nature of operations**

Zeus North America Mining Corp. (the “Company”), formerly known as Umdoni Exploration Inc., was incorporated under the laws of British Columbia on October 15, 2014. The Company’s registered and records office is located at Suite 2080 – 777 Hornby Street, Vancouver, BC V6Z 1S4.

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”. On February 29, 2024, the Company changed its name to Zeus North America Mining Corp. and began trading under the trading symbol “ZEUS”.

On April 17, 2024, the Company was listed on the Frankfurt Stock Exchange and began trading under the trading symbol “O92”. On April 30, 2024, the Company was listed on the OTCQB Venture Market and began trading under the trading symbol “ZUUF”.

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 condensed interim 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 July 31, 2024, the Company has not generated any revenues from operations, has a net loss of \$1,078,075 for the period ended July 31, 2024 (2023 - \$84,924) and has an accumulated deficit of \$1,760,388 (October 31, 2023 - \$682,313) and expects to incur further losses in the development of its business. The Company had a working capital deficit of \$608,531 as at July 31, 2024 (October 31, 2023 – working capital deficit of \$83,842). These conditions indicate that a material uncertainty exists that may cast significant doubt on 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. These condensed interim 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 condensed interim consolidated financial statements have been presented in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The accounting policies and methods of computation applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company’s annual audited financial statements for the year ended October 31, 2023. The condensed interim consolidated financial statements do not include all the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company’s annual audited financial statements for the year ended October 31, 2023.

### **Basis of measurement**

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

## Consolidation

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

	Country of incorporation	Percentage owned	
		July 31, 2024	October 31, 2023
Hab Capital Corp.	Canada	0%	100%
Kelso Mining Inc. (formerly Kelso Capital Inc.)	Canada	100%	100%
1273180 B.C. Ltd.	Canada	100%	0%
CJ-1 LLC	United States	100%	0%

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. Hab Capital Corp. and Kelso Capital Inc. were dormant during the period ended July 31, 2024, and year ended October 31, 2023.

On February 12, 2024, the Company acquired 1273180 B.C. Ltd and its wholly-owned subsidiary, CJ-1 LLC (Note 3).

On February 21, 2024, the Company sold Hab Capital Corp. to a former director of the Company for \$1.

On August 13, 2024, the Kelso Capital Inc. changed its name to Kelso Mining Inc.

## Significant estimates and assumptions

The preparation of these condensed interim 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.

## Significant judgments

The preparation of these condensed interim 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 judgments in preparing the Company's financial statement is the assessment that the acquisition of 1273180 B.C. Ltd was an asset acquisition and the going concern assumption.



### 3. Acquisition of 1273180 B.C. Ltd.

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 former shareholders of 1273180 B.C. Ltd. in exchange for 14,000,000 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.

On February 12, 2024, the transaction was completed by the issuance of 14,000,000 common shares of the Company to the former shareholders of 1273180 B.C. Ltd. During the nine months ended July 31, 2024, the Company made the cash payment of \$230,000 to the former shareholders of 1273180 B.C. Ltd. Upon payment of the cash payment, the former shareholders of 1273180 B.C. Ltd. forgave the loans outstanding in 1273180 B.C. Ltd, and the Company recorded a gain on debt settlement of \$230,000 (Note 7).

Upon closing of the transaction, 1273180 B.C. Ltd. became a wholly owned subsidiary of the Company. 1273180 B.C. Ltd. through CJ-1 LLC, its wholly owned limited liability subsidiary organized under the laws of Montana, owns mineral exploration properties in Idaho State.

The transaction did not meet the definition of a business combination and therefore, was accounted for as an asset acquisition. The fair value of the consideration paid for the acquisition of 1273180 B.C. Ltd. has been allocated to the assets acquired and liabilities assumed, based on management's best estimate and taking into account all available information at the time of acquisition.

The following table summarizes the fair value of the total consideration paid and the aggregate fair value of the identified assets acquired and liabilities assumed:

<b>Consideration paid</b>		
Cash	\$	230,000
Fair value of 14,000,000 common shares issued		2,660,000
<b>Total consideration paid</b>		<b>2,890,000</b>
<b>Assets acquired (liabilities assumed)</b>		
Cash	\$	19,120
Receivables		173
Exploration and evaluation assets		3,104,588
Accounts payable		(3,881)
Loans payable		(230,000)
<b>Net assets acquired (liabilities assumed)</b>	<b>\$</b>	<b>2,890,000</b>

### 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.

On February 12, 2024, the Company acquired a 100% interest in mineral exploration properties in Idaho State, known as the Cuddy Mountain, Selway and Great Western Properties (Note 3).

ZEUS NORTH AMERICA MINING CORP. (formerly Umdoni Exploration Inc.)  
Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Nine Months Ended July 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

The following is a summary of the Company's exploration and evaluation asset for the period ended July 31, 2024, and year ended October 31, 2023:

	Cuddy Mountain	Selway	Great Western	Chlore	Total
<b>Property acquisition costs</b>					
Balance, October 31, 2023 and 2022	\$ -	\$ -	\$ -	1,000	\$ 1,000
Acquisition of 1273180 B.C. Ltd.	1,502,328	945,879	656,381	-	3,104,588
Foreign Exchange	2,441	1,413	942	-	4,796
Balance, July 31, 2024	1,504,769	947,292	657,323	1,000	3,110,384
<b>Exploration and evaluation costs</b>					
Balance, October 31, 2022	-	-	-	78,148	78,148
Geological	-	-	-	2,400	2,400
Assays	-	-	-	25,722	25,722
Camp costs	-	-	-	67,061	67,061
Balance, October 31, 2023	-	-	-	173,331	173,331
Geological	1,002,729	11,253	14,383	21,013	1,049,378
Assays	1,609	-	-	-	1,609
Staking	47,947	-	-	-	47,947
Camp costs	157,688	1,250	1,416	(20,779)	139,575
Recovery	-	-	-	(21,913)	(21,913)
Foreign Exchange	14,868	534	495	-	15,897
Balance, July 31, 2024	1,224,841	13,037	16,294	151,652	1,405,824
<b>Balance, October 31, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>174,331</b>	<b>\$ 174,331</b>
<b>Balance, July 31, 2024</b>	<b>\$ 2,729,610</b>	<b>\$ 960,329</b>	<b>\$ 673,617</b>	<b>\$ 152,652</b>	<b>\$ 4,516,208</b>

## 5. Equipment

	Vehicles
<b>Cost</b>	
Balance, October 31, 2023 and 2022	\$ -
Additions	40,000
Balance, July 31, 2024	40,000
<b>Amortization</b>	
Balance, October 31, 2023 and 2022	-
Additions	471
Balance, July 31, 2024	471
<b>Balance, October 31, 2023</b>	<b>\$ -</b>
<b>Balance, July 31, 2024</b>	<b>\$ 39,529</b>

## 6. Accounts payable and accrued liabilities

	July 31, 2024	October 31, 2023
Accounts payable	\$ 1,059,684	\$ 69,652
Accrued liabilities	8,460	7,590
	<b>\$ 1,068,144</b>	<b>\$ 77,242</b>

## 7. Loans payable

The following is a summary of the Company's loans payable as at July 31, 2024 and October 31, 2023:

	July 31, 2024	October 31, 2023
Loans payable to a former related party	\$ -	\$ 117,890
Loan payable to a third party	-	65,461
<b>Total loans payable</b>	<b>\$ -</b>	<b>\$ 183,351</b>

As at July 31, 2024, the Company was indebted to a former director and officer of the Company in the amount of \$nil (October 31, 2023 - \$117,890) and to a third-party in the amount of \$nil (October 31, 2023 - \$65,461). During the nine months ended July 31, 2024, the loans payable were repaid in full, and the Company recorded a gain on debt settlement of \$5,012.

On April 4, 2022, the Company entered into debt repayment agreements with a director and a former director of the Company to set a due date with respect of the repayment of \$139,478 of amounts owing. These loans were 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 third-party. As at July 31, 2024, the third-party loan balance was \$nil (October 31, 2023 - \$65,461).

On February 12, 2024, pursuant to the acquisition of 1273180 B.C. Ltd., the Company assumed a \$230,000 loan payable to former shareholders of 1273180 B.C. Ltd. (Note 3). During the nine months ended July 31, 2024, subsequent to payment of the cash acquisition payment, the loan was forgiven and the Company recorded a gain on debt settlement of \$230,000.

During the nine months ended July 31, 2024, the Company recorded accretion expense of \$5,012 (2023 - \$8,654).

## 8. Share capital

On March 1, 2024, the Company split all its issued and outstanding common shares on the basis of 1 share for 2. All references herein to the number of shares, warrants and options have been retroactively restated to reflect this stock split for all periods presented.

### Issued Share Capital

There were 53,538,898 common shares issued and outstanding on July 31, 2024 (October 31, 2023 - 17,938,898).

During the nine months ended July 31, 2024, the Company had the following share issuances:

On February 12, 2024, the Company issued 20,000,000 units at a price of \$0.10 per unit for total gross proceeds of \$2,000,000 in a non-brokered private placement. Each unit consists of one common share and one share purchase warrant of the Company. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.15 per common share until February 12, 2026. The Company uses the residual value method, and the total proceeds were all allocated to the common shares.

In connection with the private placement, the Company paid \$124,800 cash and issued 1,248,000 broker warrants to Haywood Securities Inc as a finder's fee and incurred \$17,373 in other cash transaction costs. Each broker warrant entitles the holder to purchase one unit at a price of \$0.15 per unit until February 12, 2026.

On February 12, 2024, the Company issued 14,000,000 common shares pursuant to the acquisition of 1273180 B.C. Ltd. (Note 3). The shares were fair valued at \$2,660,000.

During the nine months ended July 31, 2024, 1,600,000 warrants were exercised for total proceeds of \$96,000.

During the year ended October 31, 2023, the Company had the following share issuance:

On November 29, 2022, the Company closed a non-brokered private placement by issuing 6,000,000 units at a price of \$0.05 per unit for gross proceeds of \$300,000. Each unit consists of one common share and one common share purchase warrant. The Company uses the 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.

### Stock Options

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be lower than market price of the Company's shares as calculated on the date of grant and the date preceding the date of grant. The options can be granted for a maximum term of 5 years.

On February 22, 2024, the Company granted stock options that will be exercisable to acquire 2,400,000 common shares at \$0.135 per share for a period of five years, vesting immediately, with a grant date fair value of \$240,000. Of the stock options issued, 2,300,000 stock options were granted to directors and officers of the Company, and 100,000 stock options were granted to a former director of the Company. The grant date weighted average fair value per option was \$0.10. The fair value was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, share price - \$0.1325, average risk-free interest rate – 3.61%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

On February 29, 2024, the Company granted stock options to a consultant that will be exercisable to acquire 400,000 common shares at \$0.135 per share for a period of five years, with a quarter of the grant on each of May 29, 2024, August 29, 2024, November 29, 2024 and February 28, 2025, with a grant date fair value of \$40,000. The weighted average fair value per option was \$0.10. The grant date fair value was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, share price - \$0.1325, average risk-free interest rate – 3.57%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

During the three and nine months ended July 31, 2024, the Company recognized share-based compensation of \$28,089 and \$307,365 (2023 - \$nil and \$nil) related to stock options.

The following is a summary of stock option transactions:

	Number of Options Outstanding	Weighted Average Exercise Price
Balance, October 31, 2023 and 2022	-	\$ -
Granted	2,800,000	0.135
Forfeited	(100,000)	0.135
Balance, July 31, 2024	2,700,000	\$ 0.135

The following is a summary of stock options as at July 31, 2024:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Options</b>	<b>Weighted Average Remaining Contractual Life (Years)</b>
February 22, 2029	\$0.135	2,300,000	4.57
February 28, 2029	\$0.135	400,000	4.58

## Warrants

The following is a summary of warrant transactions:

	<b>Number of Warrants Outstanding</b>	<b>Weighted Average Exercise Price</b>
Balance, October 31, 2022	-	\$ -
Warrants issued	6,000,000	0.06
Balance, October 31, 2023	6,000,000	0.06
Warrants issued	21,248,000	0.15
Warrants exercised	(1,600,000)	0.06
Balance, July 31, 2024	25,648,000	\$ 0.13

On February 12, 2024, the Company issued 1,248,000 broker warrants, with a fair value of \$141,322. Each broker warrant entitles the holder to acquire one unit at a price of \$0.15 per unit until February 12, 2026. The weighted average fair value per warrant was \$0.11. The fair value was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years, share price - \$0.19, average risk-free interest rate – 4.24%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

The following is a summary of warrants as at July 31, 2024:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Warrants</b>	<b>Weighted Average Remaining Contractual Life (Years)</b>
February 12, 2026	\$0.15	21,248,000	1.54
November 29, 2027	\$0.06	4,400,000	3.33

## 9. Related party transactions

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company:

	<b>For the three months ended July 31, 2024</b>	<b>For the three months ended July 31, 2023</b>	<b>For the nine months ended July 31, 2024</b>	<b>For the nine months ended July 31, 2023</b>
<b>Expenses</b>				
Management fees	\$ 45,000	\$ -	\$ 90,000	\$ -
Share-based compensation	-	-	240,000	-
	<b>\$ 45,000</b>	<b>\$ -</b>	<b>\$ 330,000</b>	<b>\$ -</b>

Management fees were paid directly to a company owned by the President and CEO for management services.

Key management includes directors and executive officers of the Company. Other than the amounts disclosed above, there was no other compensation paid or payable to key management for employee services for the reported periods.

Included in accounts payable and accrued liabilities at July 31, 2024 is \$108,195 (October 31, 2023 - \$nil) owing to related parties. The balance owing is unsecured, non-interest bearing and due in 30 days. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, unless otherwise noted.

## **10. Supplemental cash flow information**

During the nine months ended July 31, 2024, the Company entered into the following non-cash transactions:

- The Company issued 14,000,000 common shares for the acquisition of 1273180 B.C. Ltd. with a fair value of \$2,660,000 (Note 3).
- The Company issued 1,248,000 broker warrants pursuant to the private placement with a fair value of \$141,322 (Note 8).

During the nine months ended July 31, 2023, the Company did not enter into any non-cash transactions.

As at July 31, 2024, \$948,241 (October 31, 2023 - \$49,008) of exploration and evaluation asset expenditures were included in accounts payable and accrued liabilities.

## **11. 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 properties 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.

## **12. 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**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. 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**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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.

### **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 has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered immaterial.

### **Fair values**

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, receivables and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments.

Cash is measured using level 1 inputs.

## **13. Segmented information**

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

Geographic segment information of the Company's non-current assets as at July 31, 2024 and October 31, 2023 is as follows:

	<b>July 31, 2024</b>	<b>October 31, 2023</b>
Canada	\$ 192,181	\$ 174,331
United States	4,363,556	-
<b>Total non-current assets</b>	<b>\$ 4,555,737</b>	<b>\$ 174,331</b>

#### **14. Subsequent events**

##### **Private Placement**

On September 6, 2024, the Company closed a non-brokered private placement by issuing 5,664,400 units at a price of \$0.25 per unit for gross proceeds of \$1,416,100. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.35 per share until September 6, 2026.

In connection with the private placement, the Company paid \$74,970 cash and issued 299,880 broker warrants to finders as a finder's fee. Each broker warrant entitles the holder to purchase one common share at a price of \$0.35 per share until September 6, 2026.

##### **Plan of Arrangement**

The Company entered into an arrangement agreement dated August 26, 2024 to complete a plan of arrangement ("Plan of Arrangement") under the Business Corporations Act (British Columbia) with its wholly-owned subsidiary, Kelso Mining Inc. ("Kelso"), whereby the Company's Chlore property will be spun out to Kelso in accordance with the Plan of Arrangement. The Plan of Arrangement, if completed, will result in, among other things, the Company's shareholders being entitled to receive one common share of Kelso with respect to every 150 common shares of the Company owned on the share distribution record date, which will be determined by the Company's Board of Directors. The completion of the Plan of Arrangement is subject to the satisfaction of various conditions including, but not limited to: (i) the approval by the shareholders of the Company, (ii) the approval of the Supreme Court of British Columbia, and (iii) the acceptance of the Plan of Arrangement by the Canadian Securities Exchange. There can be no assurance that the proposed transaction will be completed as proposed or at all.



**APPENDIX I -  
AUDITED FINANCIAL STATEMENTS OF KELSO MINING INC. FOR THE PERIOD ENDING  
OCTOBER 31, 2023 AND 2022, INTERIM FINANCIAL STATEMENTS OF KELSO MINING INC.  
FOR THE PERIOD ENDING JULY 31, 2024**

**Kelso Mining Inc.**  
**Financial Statements**  
**Years Ended October 31, 2023 and 2022**

**(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  
Kelso Mining Inc.

### Opinion

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

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2023 and October 31, 2022, and its financial performance and its cash flow for the years ended October 31, 2023 and October 31, 2022 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 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 the 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 financial statements, which indicates that the Company incurred a net loss of \$Nil during the period ended October 31, 2023 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of \$Nil 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.

Except for the matter described in the "Material Uncertainty Related to Going Concern" section of the auditor's report, I have determined there are no key audit matters to communicate in my auditor's report.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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

10290 171A Street  
Surrey, BC, Canada V4N 3L2  
September 26, 2024

Kelso Mining Inc.  
Statements of Financial Position  
As at October 2023 and 2022  
(Expressed in Canadian Dollars)

	Note	October 31, 2023	October 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Receivable	7	\$ 1	\$ 1
<b>TOTAL ASSETS</b>		<b>\$ 1</b>	<b>\$ 1</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	\$ 1	1
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 1</b>	<b>\$ 1</b>

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)  
SUBSEQUENT EVENT (Note 9)

Approved and authorized by the Board on September 26, 2024:

/s/ "Barry Hartley"  
Barry Hartley, Director

/s/ "Jesse Hahn"  
Jesse Hahn, Director

Kelso Mining Inc.  
Statements of Loss and Comprehensive Loss  
For the Year Ended October 31, 2023 and 2022  
(Expressed in Canadian Dollars)

	Year ended October 31, 2023	Year ended October 31, 2022
<b>Expenses</b>	\$ -	\$ -
<b>Net loss</b>	-	-
<b>Net loss and comprehensive loss</b>	\$ -	\$ -
<b>Weighted average number of outstanding shares</b>	1	1
<b>Loss per share - basic and diluted</b>	\$ (0.00)	\$ (0.00)

Kelso Mining Inc.  
Statements of Changes in Equity  
For the Year Ended October 31, 2023 and 2022  
(Expressed in Canadian Dollars)

	Share Capital		Accumulated deficit	Total
	Number of shares	Amount		
<b>Balance at November 1, 2021</b>	<b>1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1</b>
Net loss		-	-	-
<b>Balance at October 31, 2022</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>
Net loss		-	-	1
<b>Balance at October 31, 2023</b>	<b>1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1</b>

See accompanying notes to the financial statements

Kelso Mining Inc.  
Statements of Cash Flows  
For the Year Ended October 31, 2023 and 2022  
(Expressed in Canadian Dollars)

	Year end October 31, 2023	Year ended October 31, 2022
<b>Operating activities</b>		
Net loss	\$ -	\$ -
<b>Net cash flows used in operating activities</b>	-	-
Cash, beginning	-	-
<b>Cash, ending</b>	\$ -	\$ -



Kelso Mining Inc.  
Notes to the Financial Statements  
For the Year Ended October 31, 2023 and 2022  
(Expressed in Canadian Dollars)

**1. Nature and continuance of operations**

Kelso Mining Inc. (the "Company") was incorporated on January 4, 2021, under the laws of the province of British Columbia, Canada. The Company changed its name from Kelso Capital Inc to Kelso Mining Inc on August 13, 2024. The Company is a wholly-owned subsidiary of Zeus North America Mining Corp. The Company's principal activity is the acquisition and exploration of mineral properties.

The head office, principal address and records office and registered office of the Company are located at 750 West Pender Street, Suite 401, Vancouver, British Columbia, Canada, V1C 2T7.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at October 31, 2023, the Company has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions raise significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

**2. Significant accounting policies and basis of presentation**

***Statement of compliance***

The financial statements of the Company 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 presentation***

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, which is the functional currency of the Company, unless otherwise noted.

***Significant judgments and estimates***

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, and estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

***Loss per share***

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Kelso Mining Inc.  
Notes to the Financial Statements  
For the Year Ended October 31, 2023 and 2022  
(Expressed in Canadian Dollars)

**2. Significant accounting policies and basis of presentation (continued)**

***Exploration and evaluation expenditures***

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

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 assessed for impairment at least annually or if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

An impairment loss is only reversed if there is 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 recognized in previous years.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

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

***Farm outs***

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

***Share-based payments***

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve.

The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Kelso Mining Inc.  
Notes to the Financial Statements  
For the Year Ended October 31, 2023 and 2022  
(Expressed in Canadian Dollars)

**2. Significant accounting policies and basis of presentation (continued)**

***Financial instruments***

(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 of the Company's financial instruments under IFRS 9:

Financial assets/liabilities	Classification
Receivable	Amortized costs

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

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised 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 recognised in Other Comprehensive Income ("OCI") and are never reclassified to profit or 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 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.

Kelso Mining Inc.  
Notes to the Financial Statements  
For the Year Ended October 31, 2023 and 2022  
(Expressed in Canadian Dollars)

**2. Significant accounting policies and basis of presentation (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.

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 profit or loss.

***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 income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. A liability is recognized for the premium on the flow-through shares and is subsequently reversed as the Company incurs qualifying Canadian exploration expenses.

**2. Significant accounting policies and basis of presentation (continued)**

***Restoration and environmental obligations***

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration 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 restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration 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 mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

***Leases***

Lease liabilities include the present value of future fixed payments, less any lease incentives receivable, and the exercise price of a purchase option if it is reasonably certain to be exercised. Future fixed lease payments are discounted using the Company's incremental borrowing rate if the rate implicit in the lease is not readily determinable. The term of each lease includes its non-cancellable period. The term can also include periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option. After the commencement date, the Company continually measures its lease liabilities to reflect changes in lease payments, discount rates or the leases' remaining term with an offsetting adjustment to right-of-use assets.

Lease liabilities include the present value of future fixed payments, less any lease incentives receivable, and the exercise price of a purchase option if it is reasonably certain to be exercised. Future fixed lease payments are discounted using the Company's incremental borrowing rate if the rate implicit in the lease is not readily determinable. The term of each lease includes its non-cancellable period. The term can also include periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option. After the commencement date, the Company continually measures its lease liabilities to reflect changes in lease payments, discount rates or the leases' remaining term with an offsetting adjustment to right-of-use assets.

Each lease payment is comprised of both a financing and principal component. Financing costs are charged to the consolidated statements of comprehensive loss over each lease's term. Lease payments are applied against lease liabilities using the effective interest method.

Short-term leases with an initial lease term of less than 12 months are evaluated by class of the underlying asset whereas lease payments for low-value assets are evaluated on a lease-by-lease basis. Short-term and low-value leases are expensed

The Company does not have any lease as at October 31, 2023 and 2022.

Kelso Mining Inc.  
Notes to the Financial Statements  
For the Year Ended October 31, 2023 and 2022  
(Expressed in Canadian Dollars)

**3. Adoption of new and amended IFRS pronouncements**

There are no other IFRS's or IFRIC's that are not yet effective that would be expected to have material impact on the Company's financial statements.

**4. Restoration and environmental obligations**

The Company did not provide for any possible restoration and environmental obligations as management believes that no liability exists. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments regarding restoration and environmental obligations.

**5. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

There was 1 common share issued and outstanding on October 31, 2023 and October 31, 2022.

***Common shares***

On January 4, 2021, the Company issued 1 common share of the Company at \$1.

**6. Financial risk and capital 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 provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company does not have any cash. Credit risk is assessed as low.

***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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Kelso Mining Inc.  
Notes to the Financial Statements  
For the Year Ended October 31, 2023 and 2022  
(Expressed in Canadian Dollars)

**6. Financial risk and capital management (continued)**

***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 interest rate risk.

***Foreign currency risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk as it incurs expenditures that are primarily denominated in Canadian dollars.

***Capital management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

***Fair value***

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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.

None is carried at fair value determined under the fair value hierarchy as Level One.

**7. Related party transaction**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the years ended October 31, 2023 and 2022, no compensation was paid or payable to key management for employee services.

As at October 31, 2023, there was \$1 (2022 - \$1) receivable from a parent company, Zeus North America Mining Corp.

Kelso Mining Inc.  
Notes to the Financial Statements  
For the Year Ended October 31, 2023 and 2022  
(Expressed in Canadian Dollars)

**8. Income taxes**

A reconciliation of income taxes at statutory rates with the reported dates is as follows:

	2023	2022
	\$	\$
Loss for the year	-	-
Computed income taxes recovery at statutory rate at 27% (2022 – 27%)	-	-
Non-deductible expenditures and non-taxable revenues	-	-
Change in unrecognized deferred tax assets	-	-
	-	-

The significant components of the Company's deferred tax assets, after applying enacted Company income tax rates of 27% (2022: 27%), are as follows:

	2023	2022
	\$	\$
Non-capital losses	-	-
Less: Unrecognized deferred tax assets	-	-
	-	-

The Company has \$Nil of non-capital losses available.

**9. Subsequent event**

Zeus North America Mining Corp ("Zeus"), the Company's parent company, entered into an arrangement agreement dated August 26, 2024 to complete a plan of arrangement ("Plan of Arrangement") under the Business Corporations Act (British Columbia) with the Company, whereby Zeus' Chlore property will be spun out to the Company in accordance with the Plan of Arrangement. The Plan of Arrangement, if completed, will result in, among other things, Zeus' shareholders being entitled to receive one common share of the Company with respect to every 150 common shares of Zeus owned on the share distribution record date, which will be determined by Zeus' Board of Directors. The completion of the Plan of Arrangement is subject to the satisfaction of various conditions including, but not limited to: (i) the approval by the shareholders of Zeus, (ii) the approval of the Supreme Court of British Columbia, and (iii) the acceptance of the Plan of Arrangement by the Canadian Securities Exchange. There can be no assurance that the proposed transaction will be completed as proposed or at all.



**Kelso Mining Inc.**  
**Condensed Interim Financial Statements**  
**Nine-Month Periods Ended July 31, 2024 and 2023**  
**(Unaudited - Expressed in Canadian Dollars)**

Kelso Mining Inc.  
Condensed Interim Statements of Financial Position  
As at  
(Unaudited - Expressed in Canadian Dollars)

	Note	July 31, 2024	October 31, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Receivable	6	\$ 1	\$ 1
<b>TOTAL ASSETS</b>		<b>\$ 1</b>	<b>\$ 1</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	4	\$ 1	\$ 1
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>\$ 1</b>	<b>\$ 1</b>

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)  
SUBSEQUENT EVENT (Note 6)

Approved and authorized by the Board on September 26, 2024:

/s/ "Barry Hartley"  
Barry Hartley, Director

/s/ "Jesse Hahn"  
Jesse Hahn, Director

Kelso Mining Inc.  
Condensed Interim Statements of Loss and Comprehensive Loss  
For the periods ended  
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended		Nine months ended	
		July 31, 2024	July 31, 2023	July 31, 2024	July 31, 2023
<b>Expenses</b>		\$ -	\$ -	\$ -	\$ -
<b>Net loss</b>		-	-	-	-
<b>Net loss and comprehensive loss</b>		\$ -	\$ -	\$ -	\$ -
<b>Weighted average number of common shares outstanding</b>		1	1	1	1
<b>Loss per share - basic and diluted</b>		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Kelso Mining Inc.  
Condensed Interim Statements of Changes in Equity  
For the Nine-month Periods Ended July 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

	Share Capital		Accumulated deficit	Total
	Number of shares	Amount		
<b>Balance at October 31, 2022</b>	<b>1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1</b>
Net loss for the period		-	-	-
<b>Balance at July 31, 2023</b>	<b>1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1</b>
<b>Balance at October 31, 2023</b>	<b>1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1</b>
Net loss for the period		-	-	-
<b>Balance at July 31, 2024</b>	<b>1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 1</b>

See accompanying notes to the condensed interim financial statements

Kelso Mining Inc.  
Condensed Interim Statements of Cash Flows  
For the Nine-months Ended  
(Unaudited - Expressed in Canadian Dollars)

	Nine months ended	
	July 31, 2024	July 31, 2023
<b>Operating activities</b>		
Net loss	\$ -	\$ -
<b>Net cash flows used in operating activities</b>	-	-
Cash, beginning	-	-
<b>Cash, ending</b>	\$ -	\$ -

See accompanying notes to the condensed interim financial statements

Kelso Mining Inc.  
Notes to the Condensed Interim Financial Statements  
For the Nine-month Period Ended July 31, 2024  
(Unaudited - Expressed in Canadian Dollars)

**1. Nature and continuance of operations**

Kelso Mining Inc. (the "Company") was incorporated on January 4, 2021, under the laws of the province of British Columbia, Canada. The Company changed its name from Kelso Capital Inc. to Kelso Mining Inc. on August 13, 2024. The Company is a wholly-owned subsidiary of Zeus North America Mining Corp. The Company's principal activity is the acquisition and exploration of mineral properties.

The head office, principal address and records office and registered office of the Company are located at 750 West Pender Street, Suite 401, Vancouver, British Columbia, Canada, V1C 2T7.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at July 31, 2024, the Company has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions raise significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

**2. Significant accounting policies and basis of presentation**

***Statement of compliance***

These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34, International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements do not include all of the information required for full annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the annual audited financial statements of the Company for the year ended October 31, 2023.

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company's most recent annual financial statements for the year ended October 31, 2023.

***Basis of presentation***

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, which is the functional currency of the Company, unless otherwise noted.

**3. Adoption of New and Amended IFRS Pronouncements**

There are no other IFRSs or IFRICs that are not yet effective that would be expected to have material impact on the Company's financial statements.

Kelso Mining Inc.  
Notes to the Condensed Interim Financial Statements  
For the Nine-month Period Ended July 31, 2024  
(Unaudited - Expressed in Canadian Dollars)

**4. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

There was 1 common share issued and outstanding on July 31, 2024.

On January 4, 2021, the Company issued 1 common share of the Company at \$1.

**5. Financial risk and capital 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 provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company does not have any cash. Credit risk is assessed as low.

***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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

***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 interest rate risk.

***Foreign currency risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk as it incurs expenditures that are primarily denominated in Canadian dollars.

Kelso Mining Inc.  
Notes to the Condensed Interim Financial Statements  
For the Nine-month Period Ended July 31, 2024  
(Unaudited - Expressed in Canadian Dollars)

**5. Financial risk and capital management (continued)**

***Capital management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share capital and working capital. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

***Fair value***

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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.

None is carried at fair value determined under the fair value hierarchy as Level One.

**6. Related party transaction**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the periods ended July 31, 2024 and 2023, no compensation was paid or payable to key management for employee services.

As at July 31, 2024, there was \$1 (October 31, 2023 - \$1) receivable from a parent company, Zeus North America Mining Corp.

**7. Subsequent event**

Zeus North America Mining Corp ("Zeus"), the Company's parent company, entered into an arrangement agreement dated August 26, 2024 to complete a plan of arrangement ("Plan of Arrangement") under the Business Corporations Act (British Columbia) with the Company, whereby Zeus' Chlore property will be spun out to the Company in accordance with the Plan of Arrangement. The Plan of Arrangement, if completed, will result in, among other things, Zeus' shareholders being entitled to receive one common share of the Company with respect to every 150 common shares of Zeus owned on the share distribution record date, which will be determined by Zeus' Board of Directors. The completion of the Plan of Arrangement is subject to the satisfaction of various conditions including, but not limited to: (i) the approval by the shareholders of Zeus, (ii) the approval of the Supreme Court of British Columbia, and (iii) the acceptance of the Plan of Arrangement by the Canadian Securities Exchange. There can be no assurance that the proposed transaction will be completed as proposed or at all.



**APPENDIX J**  
**AUDITED CARVE-OUT FINANCIAL STATEMENTS OF THE CHLORE PROPERTY FOR THE**  
**YEARS ENDED OCTOBER 31, 2023 AND 2022, AND INTERIM CARVE OUT FINANCIAL**  
**STATEMENTS OF THE CHLORE PROPERTY FOR THE PERIOD ENDED JULY 31, 2024**

**Zeus North America Mining Corp.  
(formerly Umdoni Exploration Inc.)**

**Chlore Property Operation**

**Carve-Out Financial Statements**

For the Years Ended October 31, 2023 and 2022

(Expressed in Canadian Dollars)

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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 Board of Directors of  
Zeus North America Mining Corp.

### Opinion

I have audited the carve-out financial statements of the Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.) (the "Entity"), which comprise the carve-out statements of financial position as at October 31, 2023 and October 31, 2022, and the carve-out statements of loss and comprehensive loss, carve-out statements of cash flows and carve-out statements of changes in equity for the years then ended, and notes to the carve-out financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying carve-out financial statements present fairly, in all material respects, the carve-out financial position of the Entity as at October 31, 2023, and October 31, 2022, and its carve-out financial performance and its carve-out 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 carve-out financial statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the carve-out 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 2 in the carve-out financial statements, which indicates that the Entity incurred a net loss of \$49,607 during the year ended October 31, 2023, and, as of that date, the Entity had not yet achieved profitable operations, had accumulated losses of \$145,765 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 2, indicate that a material uncertainty exists that may cast significant doubt on the Entity'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 carve-out financial statements for the year ended October 31, 2023. These matters were addressed in the context of my audit of the carve-out financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Except for the matter described in the "Material Uncertainty Related to Going Concern" section of the auditor's report, I have determined there are no key audit matters to communicate in my auditor's report.

### Responsibilities of Management and Those Charged with Governance for the carve-out financial statements.

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### Auditor's Responsibilities for the Audit of the Carve-out Statements

My objectives are to obtain reasonable assurance about whether the carve-out 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 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 carve-out 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out statements, including the disclosures, and whether the carve-out 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

10290 171A Street  
Surrey, BC, Canada V4N 3L2  
September 26, 2024

**Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Carve-Out Statements of Financial Position

As at October 31, 2023 and 2022

(Expressed in Canadian Dollars)

	Note	October 31, 2023	October 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets	4	\$ 174,331	\$ 79,148
<b>TOTAL ASSETS</b>		<b>\$ 174,331</b>	<b>\$ 79,148</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 21,817	\$ -
<b>TOTAL LIABILITIES</b>		<b>21,817</b>	<b>-</b>
<b>EQUITY IN NET ASSETS</b>			
Equity in net assets attributable to Zeus North America Mining Corp.		298,279	175,306
Accumulated deficit		(145,765)	(96,158)
<b>TOTAL EQUITY IN NET ASSETS</b>		<b>152,514</b>	<b>79,148</b>
<b>TOTAL LIABILITIES AND EQUITY IN NET ASSETS</b>		<b>\$ 174,331</b>	<b>\$ 79,148</b>

Approved and authorized by the Board on September 26, 2024

“Jesse Hahn”  
Jesse Hahn, Director

“Dean Besserer”  
Dean Besserer, Director

The accompanying notes are an integral part of these carve-out financial statements

**Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Carve-Out Statements of Loss and Comprehensive Loss

For the Years Ended October 31, 2023 and 2022

(Expressed in Canadian Dollars)

	<b>For the year ended October 31, 2023</b>		<b>For the year ended October 31, 2022</b>	
<b>Expenses</b>				
Office and administration costs	\$	37	\$	1,587
Professional and consulting fees		24,169		60,807
Transfer agent and filing fees		16,398		7,034
Total expenses		(40,604)		(69,428)
Other expense				
Accretion expense		(9,003)		(7,475)
<b>Net loss and comprehensive loss</b>	<b>\$</b>	<b>(49,607)</b>	<b>\$</b>	<b>(76,903)</b>

The accompanying notes are an integral part of these carve-out financial statements

**Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Carve-Out Statements of Changes in Equity

For the Years Ended October 31, 2023 and 2022

(Expressed in Canadian Dollars)

	<b>Equity in net assets attributable to Zeus North America Mining Corp,</b>	<b>Accumulated Deficit</b>	<b>Total equity in net assets</b>
Balance at October 31, 2021	\$ 85,919	\$ (19,255)	\$ 66,664
Contributions by Zeus North America Mining Corp.	89,387	-	89,387
Net loss for the year	-	(76,903)	(76,903)
Balance at October 31, 2022	175,306	(96,158)	79,148
Contributions by Zeus North America Mining Corp.	122,973	-	122,973
Net loss for the year	-	(49,607)	(49,607)
<b>Balance at October 31, 2023</b>	<b>\$ 298,279</b>	<b>\$ (145,765)</b>	<b>\$ 152,514</b>

The accompanying notes are an integral part of these carve-out financial statements

**Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

## Carve-Out Statements 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
<b>Cash flows used in operating activities</b>		
Net loss for the year	\$ (49,607)	\$ (76,903)
Net cash used in operating activities	(49,607)	(76,903)
<b>Cash flows used in investing activity</b>		
Exploration and evaluation expenditures	(73,366)	(12,484)
Net cash provided used in investing activity	(73,366)	(12,484)
<b>Cash flows from financing activity</b>		
Funds provided by Zeus North America Mining Corp.	122,973	89,387
Net cash provided by financing activity	122,973	89,387
<b>Net change in cash</b>	-	-
<b>Cash, beginning of the year</b>	-	-
<b>Cash, end of the year</b>	\$ -	\$ -

Supplemental cash flow information (Note 10)

The accompanying notes are an integral part of these carve-out financial statements



## **Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Notes to the Carve-Out Financial Statements

For the Years Ended October 31, 2023 and 2022

(Expressed in Canadian Dollars)

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### **1 ARRANGEMENT AGREEMENT**

Zeus North America Mining Corp (“Zeus”), formerly known as Umdoni Exploration Inc., entered into an arrangement agreement dated August 26, 2024 to complete a plan of arrangement (“Plan of Arrangement”) under the Business Corporations Act (British Columbia) with its wholly-owned subsidiary, Kelso Mining Inc. (“Kelso”), whereby Zeus’ Chlore Property will be spun out to Kelso in accordance with the Plan of Arrangement, and Kelso will apply to be listed on a public exchange in Canada.

The Plan of Arrangement, if completed, will result in, among other things, Zeus’s shareholders being entitled to receive one common share of Kelso with respect to every 150 common shares of Zeus owned on the share distribution record date, which will be determined by Zeus’ Board of Directors.

The completion of the Plan of Arrangement is subject to the satisfaction of various conditions including, but not limited to: (i) the approval by the shareholders of Zeus, (ii) the approval of the Supreme Court of British Columbia, and (iii) the acceptance of the Plan of Arrangement by the Canadian Securities Exchange.

These carve-out financial statements represent the historical operations of the Chlore Property since acquisition by Zeus. The assets, liabilities, expenses and cash flows of the operations included in the exploration business to be spun out to Kelso (the “Entity”) have been derived from Zeus’ historical financial information. The operations of the Entity were not a separate legal entity during the periods presented. The Entity was part of Zeus.

### **2 BASIS OF PRESENTATION AND GOING CONCERN**

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

These carve-out financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These carve-out financial statements are presented in Canadian dollars, which is also the Entity’s functional currency.

The purpose of these carve-out financial statements is to provide general purpose historical financial information of the Entity in connection with the Plan of Arrangement detailed in Note 1. Therefore, these carve-out financial statements present the historical financial information of Zeus that make up the Entity, either fully, or partially, where only specifically identifiable assets and liabilities are included, and allocations of shared income and expenses of Zeus that are attributable to the Entity.

The basis of preparation for the carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in equity of the Entity have been applied. The carve-out financial statements have been extracted from historical accounting records of Zeus with estimates used, when necessary, for certain allocations.

- The carve-out statements of financial position reflect the assets and liabilities recorded by Zeus which have been assigned to the Entity on the basis that they are specifically identifiable and attributable to the Entity;
- The carve-out statements of loss and comprehensive loss included a pro-rata allocation of Zeus’s income and expenses incurred in each of the periods presented based on the percentage of carve-out exploration and evaluation assets being transferred, compared to the total assets of Zeus, and based on specifically identifiable activities attributable to the Entity. The allocation of income and expense for each period presented is as follows: for the year ended October 31, 2023 – 49.66% and the year ended October 31, 2022 – 80.63%. The percentages are considered reasonable under the circumstances.

Management cautions readers of these carve-out financial statements that the Entity’s results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Entity been a separate entity. Further, the allocation of income and expense in the carve-out statements of loss and comprehensive loss do

## **Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Notes to the Carve-Out Financial Statements

For the Years Ended October 31, 2023 and 2022

(Expressed in Canadian Dollars)

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not necessarily reflect the nature and level of the Entity's future income and operating expenses. Zeus' investment in the Entity, presented as equity in these carve-out financial statements, includes the accumulated total loss and comprehensive loss of the Entity.

These carve-out financial statements have been prepared on a going concern basis, which assumes that the Entity will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At October 31, 2023, the Entity had \$nil cash on hand, is not generating any revenues and has incurred losses since inception. Whether and when the Entity can obtain profitability and positive cash flows from operations is uncertain. These material uncertainties may cast significant doubt on the ability of the Entity to continue as a going concern. The Entity's ability to continue its operations is dependent upon support from its current parent company, Zeus. These carve-out financial statements do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Entity be unable to continue as a going concern. Such adjustments could be material.

### **3 SUMMARY OF MATERIAL ACCOUNTING POLICIES**

#### **a) Financial instruments**

The following is the Entity's accounting policy for financial assets and liabilities:

##### Financial assets:

The Entity classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI"), or at amortized cost.

The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Entity can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

**Financial assets at FVTPL:** Financial assets 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 financial assets held at FVTPL are included in the statement of loss and comprehensive loss in the period.

**Financial assets at FVTOCI:** Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive loss in the period.

**Financial assets at amortized cost:** A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment. The Entity's receivables are recognized at amortized cost.

**Impairment of financial assets at amortized cost:** The Entity recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

## **Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Notes to the Carve-Out Financial Statements

For the Years Ended October 31, 2023 and 2022

(Expressed in Canadian Dollars)

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### Financial liabilities

The Entity classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Entity's accounting policy for each category is as follows:

Financial liabilities at FVTPL: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Financial liabilities at amortized cost: This category includes accounts payable which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at FVTPL are recognized in the statement of loss and comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

### b) Exploration and evaluation assets

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditures are depreciated over the expected productive life of the asset. Costs for a producing asset are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. At the end of each reporting period, the Entity's assets are reviewed to determine whether there is any indication that these assets are impaired. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- The right to explore the area has expired or will expire in the near future with no expectation of renewal;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the area is neither planned nor budgeted;
- No commercially viable deposits have been discovered, and the decision had been made to discontinue exploration in the area; and
- Sufficient work has been performed to indicate that the carrying amount of the expenditure .

From time to time, the Entity may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Entity's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from their disposition thereof.

When entitled, the Entity records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Entity is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

## **Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Notes to the Carve-Out Financial Statements

For the Years Ended October 31, 2023 and 2022

(Expressed in Canadian Dollars)

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### **c) Provision for environmental rehabilitation**

The Entity recognizes the liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets in the period when the liability arises. The net present value of future rehabilitation costs is capitalized to the long-lived asset to which it relates 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 Entity'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.

The Entity has no known restoration, rehabilitation or environmental costs related to its exploration and evaluation assets.

### **New accounting standards issued and not yet effective**

Accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Entity's financial statements.

### **Significant judgments, estimates and assumptions**

The preparation of these carve-out financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the carve-out financial statements and the reported expenses during the period. Actual results could differ from these estimates.

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

#### *Valuation of exploration and evaluation assets*

The carrying value and the recoverability of exploration and evaluation assets, which are included in the carve-out statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. For the initial value of the exploration and evaluation properties transferred in the Plan of Arrangement (Note 1). Management estimated the fair value of the exploration and evaluation assets transferred which formed the value recorded on completion of the transaction. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

#### *Pro-rata allocation of Zeus' income and expenses*

The pro-rata allocation of Zeus' income and expenses indirectly attributable to the Chlore Property. Generally, the pro-rata allocation of Zeus' shared income and expenses shall be allocated based on a reasonable method. In determining this method, Management has assessed various approaches, and concluded that an allocation based on the percentage of carve-out exploration and evaluation assets being transferred, compared to the total assets of Zeus is the most reasonable.

The preparation of financial statements in accordance with IFRS requires the Entity to make judgments, apart from those involving estimates, in applying accounting policies. There are currently no critical accounting judgements.

**Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Notes to the Carve-Out Financial Statements

For the Years Ended October 31, 2023 and 2022

(Expressed in Canadian Dollars)

**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.

		Chlore Property
<b>Property acquisition costs</b>		
Balance, October 31, 2022 and 2021	\$	1,000
Additions		-
Closing, October 31, 2023		1,000
<b>Exploration and evaluation costs</b>		
Balance, October 31, 2022 and 2021		78,148
Geological		2,400
Assays		25,722
Camp costs		67,061
Closing, October 31, 2023		173,331
<b>Balance, October 31, 2022</b>	\$	79,148
<b>Balance, October 31, 2023</b>	\$	174,331

**5 RELATED PARTY TRANSACTIONS**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Entity and include both executive and non-executive directors, and entities controlled by such persons. The Entity considers all directors and officers of Zeus to be key management personnel. To determine related party transactions for the Chlore Property, the allocation methodology outlined in Note 2 has been consistently applied.

During the years ended October 31, 2023 and 2022, no compensation was paid or payable to key management for employee services.

**6 CAPITAL MANAGEMENT**

The Entity does not have share capital and its equity is a carve-out amount from Zeus’ equity. Zeus manages its capital structure and makes adjustments to it, based on the funds available to Zeus, 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 Zeus’ management to sustain future development of the business. The properties in which Zeus currently have an interest are in the exploration stage. As such, Zeus has historically relied on the equity markets to fund its activities. In addition, Zeus is dependent upon external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, Zeus will need to raise additional funds. Zeus 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 Zeus, is reasonable.

## **Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Notes to the Carve-Out Financial Statements

For the Years Ended October 31, 2023 and 2022

(Expressed in Canadian Dollars)

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### **7 FINANCIAL INSTRUMENTS AND RISK**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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 Entity's risk exposures and the impact on the Entity's carve-out financial instruments are summarized below:

#### *Liquidity risk*

The Entity's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2023, the Entity had a cash balance of \$nil to settle current liabilities of \$21,817. The Entity is dependent upon support from its current parent company, Zeus, to meet liabilities when due.

#### *Credit risk*

Credit risk is the risk of potential loss to the Entity if the counterparty to a financial instrument fails to meet its contractual obligations. The Entity's credit risk is primarily attributable to its liquid financial assets.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

##### *a) Interest rate risk*

The Entity has no cash balance and no interest-bearing debt.

##### *b) Foreign currency risk*

The Entity does not have assets or liabilities in a foreign currency.

##### *c) Price risk*

The Entity is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Entity's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Entity closely monitors the commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Entity.

### **8 SEGMENTED INFORMATION**

As at October 31, 2023, the Entity currently operates in one segment, being the acquisition and exploration and evaluation of resource assets located in Canada as described in Note 4.

**Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Notes to the Carve-Out Financial Statements

For the Years Ended October 31, 2023 and 2022

(Expressed in Canadian Dollars)

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**9 INCOME TAXES**

During the years ended October 31, 2023 and 2022, the Entity did not have legal form as the Chlore Property was part of Zeus.

Deferred income tax assets and liabilities are calculated using the difference between the carrying amount of the mineral property and its corresponding tax value. However, the Entity does not meet the criteria to recognize any deferred tax assets. Therefore, no deferred tax assets have been recorded.

Expenses presented on the carve-out statements of loss and comprehensive loss represent an allocation of Zeus' expenses and do not represent tax deductible expenses to the Entity.

**10 SUPPLEMENTAL CASH FLOW INFORMATION**

During the years ended October 31, 2023 and 2022, the Entity did not enter into any non-cash transactions.

As at October 31, 2023, \$21,817 (October 31, 2022 - \$nil) of exploration and evaluation asset expenditures were included in accounts payable.

**Zeus North America Mining Corp.  
(formerly Umdoni Exploration Inc.)**

**Chlore Property Operation**

**Condensed Interim Carve-Out Financial Statements**  
For the Three and Nine Months Ended July 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)



**Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Condensed Interim Carve-Out Statements of Financial Position

As at July 31, 2024 and October 31, 2023

(Unaudited - Expressed in Canadian Dollars)

	Note	July 31, 2024	October 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets	4	\$ 152,652	\$ 174,331
<b>TOTAL ASSETS</b>		<b>\$ 152,652</b>	<b>\$ 174,331</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable		\$ -	\$ 21,817
<b>TOTAL LIABILITIES</b>		<b>-</b>	<b>21,817</b>
<b>EQUITY IN NET ASSETS</b>			
Equity in net assets attributable to Zeus North America Mining Corp.		321,875	298,279
Contributed surplus		9,355	-
Accumulated deficit		(178,578)	(145,765)
<b>TOTAL EQUITY IN NET ASSETS</b>		<b>152,652</b>	<b>152,514</b>
<b>TOTAL LIABILITIES AND EQUITY IN NET ASSETS</b>		<b>\$ 152,652</b>	<b>\$ 174,331</b>

Approved and authorized by the Board on September 26, 2024

“Jesse Hahn”  
Jesse Hahn, Director

“Dean Besserer”  
Dean Besserer, Director

The accompanying notes are an integral part of these condensed interim carve-out financial statements

**Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Condensed Interim Carve-Out Statements of Loss and Comprehensive Loss

For the Three and Nine Months Ended July 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

	<b>For the three months ended July 31, 2024</b>	<b>For the three months ended July 31, 2023</b>	<b>For the nine months ended July 31, 2024</b>	<b>For the nine months ended July 31, 2023</b>
<b>Expenses</b>				
Office and administration costs	\$ 1,437	\$ 5	\$ 2,092	\$ 14
Management fees	1,370	-	2,739	-
Investor relations and marketing fees	8,992	-	12,968	-
Share-based compensation	855	-	9,355	-
Professional and consulting fees	1,859	2,949	10,810	10,492
Amortization	14	-	14	-
Transfer agent and filing fees	550	665	1,579	7,895
Total expenses	(15,077)	(3,619)	(39,557)	(18,401)
<b>Other items</b>				
Foreign exchange	(124)	-	(256)	-
Gain on debt settlement	-	-	7,153	-
Accretion expense	-	(1,195)	(153)	(3,418)
<b>Net loss and comprehensive loss</b>	<b>\$ (15,201)</b>	<b>\$ (4,814)</b>	<b>\$ (32,813)</b>	<b>\$ (21,819)</b>

The accompanying notes are an integral part of these condensed interim carve-out financial statements

**Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Carve-Out Statements of Changes in Equity

For the Nine Months Ended July 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

	<b>Equity in net assets attributable to Zeus North America Mining Corp.</b>	<b>Contributed Surplus</b>	<b>Accumulated Deficit</b>	<b>Total</b>
Balance at October 31, 2022	\$ 175,306	\$ -	\$ (96,158)	\$ 79,148
Contributions by Zeus North America Mining Corp.	24,219	-	-	24,219
Net loss for the period	-	-	(21,819)	(21,819)
Balance at July 31, 2023	199,525	-	(117,977)	81,548
Balance at October 31, 2023	298,279	-	(145,765)	152,514
Contributions by Zeus North America Mining Corp.	23,596	-	-	23,596
Share-based compensation	-	9,355	-	9,355
Net loss for the period	-	-	(32,813)	(32,813)
<b>Balance at July 31, 2024</b>	<b>\$ 321,875</b>	<b>\$ 9,355</b>	<b>\$ (178,578)</b>	<b>\$ 152,652</b>

The accompanying notes are an integral part of these condensed interim carve-out financial statements

**Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Condensed Interim Carve-Out Statements of Cash Flows

For the Nine Months Ended July 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

	<b>For the nine months ended July 31, 2024</b>	<b>For the nine months ended July 31, 2023</b>
<b>Cash flows used in operating activities</b>		
Net loss for the period	\$ (32,813)	\$ (21,819)
Adjustment for non-cash item:		
Share-based compensation	9,355	-
Net cash used in operating activities	(23,458)	(21,819)
<b>Cash flows used in investing activity</b>		
Exploration and evaluation expenditures	(138)	(2,400)
Net cash provided used in investing activity	(138)	(2,400)
<b>Cash flows from financing activity</b>		
Funds provided by Zeus North America Mining Corp.	23,596	24,219
Net cash provided by financing activity	23,596	24,219
<b>Net change in cash</b>	-	-
<b>Cash, beginning of the period</b>	-	-
<b>Cash, end of the period</b>	\$ -	\$ -

Supplemental cash flow information (Note 9)

The accompanying notes are an integral part of these condensed interim carve-out financial statements

## **Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Notes to the Carve-Out Financial Statements

For the Three and Nine Months Ended July 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

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### **1 ARRANGEMENT AGREEMENT**

Zeus North America Mining Corp (“Zeus”), formerly known as Umdoni Exploration Inc., entered into an arrangement agreement dated August 26, 2024 to complete a plan of arrangement (“Plan of Arrangement”) under the Business Corporations Act (British Columbia) with its wholly-owned subsidiary, Kelso Mining Inc. (“Kelso”), whereby Zeus’ Chlore Property will be spun out to Kelso in accordance with the Plan of Arrangement, and Kelso will apply to be listed on a public exchange in Canada.

The Plan of Arrangement, if completed, will result in, among other things, Zeus’s shareholders being entitled to receive one common share of Kelso with respect to every 150 common shares of Zeus owned on the share distribution record date, which will be determined by Zeus’ Board of Directors.

The completion of the Plan of Arrangement is subject to the satisfaction of various conditions including, but not limited to: (i) the approval by the shareholders of Zeus, (ii) the approval of the Supreme Court of British Columbia, and (iii) the acceptance of the Plan of Arrangement by the Canadian Securities Exchange.

These carve-out financial statements represent the historical operations of the Chlore Property since acquisition by Zeus. The assets, liabilities, expenses and cash flows of the operations included in the exploration business to be spun out to Kelso (the “Entity”) have been derived from Zeus’ historical financial information. The operations of the Entity were not a separate legal entity during the periods presented. The Entity was part of Zeus.

### **2 BASIS OF PRESENTATION AND GOING CONCERN**

These condensed interim carve-out financial statements have been presented in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The accounting policies and methods of computation applied by the Entity in these condensed interim carve-out financial statements are the same as those applied in the Entity’s annual audited carve-out financial statements for the year ended October 31, 2023. The condensed interim carve-out financial statements do not include all the information and note disclosures required for full annual financial statements and should be read in conjunction with the Entity’s annual audited carve-out financial statements for the year ended October 31, 2023.

These condensed interim carve-out financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These condensed interim carve-out financial statements are presented in Canadian dollars, which is also the Entity’s functional currency.

The purpose of these condensed interim carve-out financial statements is to provide general purpose historical financial information of the Entity in connection with the Plan of Arrangement detailed in Note 1. Therefore, these condensed interim carve-out financial statements present the historical financial information of Zeus that make up the Entity, either fully, or partially, where only specifically identifiable assets and liabilities are included, and allocations of shared income and expenses of Zeus that are attributable to the Entity.

The basis of preparation for the condensed interim carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in equity of the Entity have been applied. The condensed interim carve-out financial statements have been extracted from historical accounting records of Zeus with estimates used, when necessary, for certain allocations.

- The condensed interim carve-out statements of financial position reflect the assets and liabilities recorded by Zeus which have been assigned to the Entity on the basis that they are specifically identifiable and attributable to the Entity;

## **Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Notes to the Carve-Out Financial Statements

For the Three and Nine Months Ended July 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

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- The condensed interim carve-out statements of loss and comprehensive loss included a pro-rata allocation of Zeus's income and expenses incurred in each of the periods presented based on the percentage of carve-out exploration and evaluation assets being transferred, compared to the total assets of Zeus, and based on specifically identifiable activities attributable to the Entity. The allocation of income and expense for each period presented is as follows: for the three and nine months ended July 31, 2024 – 3.04% and the three and nine months ended July 31, 2023 – 25.69%. The percentages are considered reasonable under the circumstances.

Management cautions readers of these condensed interim carve-out financial statements that the Entity's results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Entity been a separate entity. Further, the allocation of income and expense in the condensed interim carve-out statements of loss and comprehensive loss do not necessarily reflect the nature and level of the Entity's future income and operating expenses. Zeus' investment in the Entity, presented as equity in these condensed interim carve-out financial statements, includes the accumulated total loss and comprehensive loss of the Entity.

These condensed interim carve-out financial statements have been prepared on a going concern basis, which assumes that the Entity will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At July 31, 2024, the Entity had \$nil cash on hand, is not generating any revenues and has incurred losses since inception. Whether and when the Entity can obtain profitability and positive cash flows from operations is uncertain. These material uncertainties may cast significant doubt on the ability of the Entity to continue as a going concern. The Entity's ability to continue its operations is dependent upon support from its current parent company, Zeus. These condensed interim carve-out financial statements do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Entity be unable to continue as a going concern. Such adjustments could be material.

### **3 SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The accounting policies, significant estimates, judgements and assumptions, methods of computation and presentation applied in these condensed interim carve-out financial statements are consistent with those of the most recent annual audited carve-out financial statements. Accordingly, these condensed interim carve-out financial statements should be read in conjunction with the Entity's most recent annual audited carve-out financial statements.

#### **New accounting standards issued and not yet effective**

Accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Entity's financial statements.

**Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Notes to the Carve-Out Financial Statements

For the Three and Nine Months Ended July 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

**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.

		Chlore Property
<b>Property acquisition costs</b>		
Balance, October 31, 2023 and 2022	\$	1,000
Additions		-
Closing, July 31, 2024		1,000
<b>Exploration and evaluation costs</b>		
Balance, October 31, 2022		78,148
Geological		2,400
Assays		25,722
Camp costs		67,061
Balance, October 31, 2023		173,331
Geological		21,013
Camp costs		(20,779)
Recovery		(21,913)
Closing, July 31, 2024		151,652
<b>Balance, October 31, 2023</b>	\$	174,331
<b>Balance, July 31, 2024</b>	\$	152,652

**5 RELATED PARTY TRANSACTIONS**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Entity and include both executive and non-executive directors, and entities controlled by such persons. The Entity considers all directors and officers of Zeus to be key management personnel. To determine related party transactions for the Chlore Property, the allocation methodology outlined in Note 2 has been consistently applied.

During the three and nine months ended July 31, 2024, management fees of \$1,370 and \$2,739 (2023- \$nil and \$nil) were paid directly to a company owned by the President and CEO for management services.

During the three and nine months ended July 31, 2024, share-based compensation of \$nil and \$7,296 (2023- \$nil and \$nil) was recognized in relation to the grant of stock options to related parties.

During the three and nine months ended July 31, 2024 and 2023, no compensation was paid or payable to key management for employee services.

**6 CAPITAL MANAGEMENT**

The Entity does not have share capital and its equity is a carve-out amount from Zeus’ equity. Zeus manages its capital structure and makes adjustments to it, based on the funds available to Zeus, 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 Zeus’ management to sustain future development of the business. The properties in which Zeus currently have an interest are in the exploration stage. As such, Zeus has historically relied on the equity markets to fund its activities. In addition, Zeus is dependent upon external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, Zeus

## **Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Notes to the Carve-Out Financial Statements

For the Three and Nine Months Ended July 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

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will need to raise additional funds. Zeus 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 Zeus, is reasonable.

### **7 FINANCIAL INSTRUMENTS AND RISK**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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 Entity's risk exposures and the impact on the Entity's carve-out financial instruments are summarized below:

#### *Liquidity risk*

The Entity's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Entity is dependent upon support from its current parent company, Zeus, to meet liabilities when due.

#### *Credit risk*

Credit risk is the risk of potential loss to the Entity if the counterparty to a financial instrument fails to meet its contractual obligations. The Entity's credit risk is primarily attributable to its liquid financial assets.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

##### *a) Interest rate risk*

The Entity has no cash balance and no interest-bearing debt.

##### *b) Foreign currency risk*

The Entity does not have assets or liabilities in a foreign currency.

##### *c) Price risk*

The Entity is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Entity's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Entity closely monitors the commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Entity.



**Chlore Property Operation of Zeus North America Mining Corp. (formerly Umdoni Exploration Inc.)**

Notes to the Carve-Out Financial Statements

For the Three and Nine Months Ended July 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

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**8 SEGMENTED INFORMATION**

As at July 31, 2024, the Entity currently operates in one segment, being the acquisition and exploration and evaluation of resource assets located in Canada as described in Note 4.

**9 SUPPLEMENTAL CASH FLOW INFORMATION**

During the nine months ended July 31, 2024 and 2023, the Entity did not enter into any non-cash transactions.

As at July 31, 2024, \$nil (October 31, 2023 - \$21,817) of exploration and evaluation asset expenditures were included in accounts payable.

**APPENDIX K**  
**PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**OF ZEUS NORTH AMERICA MINING CORP. FOR THE PERIOD ENDED JULY 31, 2024**

**Zeus North America Mining Corp.**  
**(formerly Umdoni Exploration Inc.)**

**PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

July 31, 2024

(Unaudited – Expressed in Canadian Dollars)

ZEUS NORTH AMERICA MINING CORP. (formerly Umdoni Exploration Inc.)  
Pro-Forma Consolidated Statement of Financial Position  
As at July 31, 2024  
(Unaudited – Expressed in Canadian Dollars)

	Zeus North America Mining Corp. as at July 31, 2024 \$	Notes	Pro-forma Adjustments \$	Pro-forma Consolidated \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	326,591	2(b)	(60,000)	266,591
Receivables	52,729		-	52,729
Prepaid expenses	80,293		-	80,293
	459,613		(60,000)	399,613
<b>Non-current assets</b>				
Exploration and evaluation assets	4,516,208	2(a)	(152,652)	4,363,556
Equipment	39,529		-	39,529
<b>TOTAL ASSETS</b>	5,015,350		(212,652)	4,802,698
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	1,068,144		-	1,068,144
<b>TOTAL LIABILITIES</b>	1,068,144		-	1,068,144
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	5,209,347		-	5,209,347
Contributed surplus	484,647		-	484,647
Foreign translation reserve	13,600		-	13,600
Accumulated deficit	(1,760,388)	2(a) 2(b)	(152,652) (60,000)	(1,973,040)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	3,947,206		(212,652)	3,734,554
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	5,015,350		(212,652)	4,802,698

*The accompanying notes are an integral part of the pro-forma consolidated financial statements.*

ZEUS NORTH AMERICA MINING CORP. (formerly Umdoni Exploration Inc.)  
Pro-Forma Consolidated Statement of Loss and Comprehensive Loss  
For the Nine Months Ended July 31, 2024  
(Unaudited – Expressed in Canadian Dollars)

	<b>Zeus North America Mining Corp. \$</b>	<b>Notes</b>	<b>Pro-forma Adjustments \$</b>	<b>Pro-forma Consolidated \$</b>
<b>Expenses</b>				
Office and administration costs	68,741		-	68,741
Management fees	90,000		-	90,000
Investor relations and marketing fees	426,045		-	426,045
Share-based compensation	307,365		-	307,365
Professional and consulting fees	355,169	2(b)	60,000	415,169
Amortization	471		-	471
Transfer agent and filing fees	51,869		-	51,869
Total expenses	(1,299,660)		(60,000)	(1,359,660)
<b>Other items</b>				
Foreign exchange	(8,415)		-	(8,415)
Gain on debt settlement	235,012		-	235,012
Accretion expense	(5,012)		-	(5,012)
<b>Net loss</b>	<b>(1,078,075)</b>		<b>(60,000)</b>	<b>(1,138,075)</b>
<b>Other comprehensive income</b>				
Foreign currency translation	13,600		-	13,600
<b>Net loss and comprehensive loss</b>	<b>(1,064,475)</b>		<b>(60,000)</b>	<b>(1,124,475)</b>

*The accompanying notes are an integral part of the pro-forma consolidated financial statements.*

## 1. PROPOSED TRANSACTION AND BASIS OF PRESENTATION

The unaudited pro-forma consolidated financial statements of Zeus North America Mining Corp. (“Zeus” or the “Company”) have been prepared by its management based on financial statements prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) to give effect to the proposed Plan of Arrangement (the “Arrangement Agreement”) dated August 26, 2024 between Zeus and its wholly-owned subsidiary, Kelso Mining Inc. (“Kelso”) to spin out its Chlore Property located in the Omineca Mining Division of North-Central British Columbia to Kelso (the “Transaction”).

Under the terms of the Arrangement Agreement, Zeus’ shareholders will be issued one share of Kelso with respect to every 150 shares of Zeus owned on the share distribution record date, which will be determined by Zeus’ Board of Directors and announced by a news release in advance.

As per the Arrangement Agreement:

- Zeus will transfer the Chlore Property to Kelso and Kelso will issue common shares of Kelso representing that number of common shares that are equal to 0.006666667 of the issued and outstanding common shares of Zeus (one share of Kelso with respect to every 150 shares of Zeus); held at the effective date of the Transaction.
- Zeus will undertake a reorganization of its share capital; and
- Zeus will distribute 100% of the common shares of Kelso received to Zeus shareholders on a pro-rata basis.

The completion of the Transaction is subject to a number of conditions. Including the following:

- The approval of the shareholders of Zeus by a special resolution at a special meeting;
- The approval of the Supreme Court of British Columbia; and
- The acceptance of the Transaction by the Canadian Securities Exchange.

It is management’s opinion that the pro-forma consolidated financial statements include all adjustments necessary for fair presentation, in all material respects, of the transactions described in Note 2 and are in accordance with IFRS.

The unaudited pro-forma consolidated financial statements should be read in conjunction with the financial statements and reports thereon included in this Management Information Circular, being the audited consolidated financial statements of Zeus for the years ended October 31, 2023 and 2022, the condensed interim consolidated financial statements of Zeus for the three and nine months ended July 31, 2024 and 2023, the audited financial statements of Kelso for the years ended October 31, 2023 and 2022, the condensed interim financial statements of Kelso for the three and nine months ended July 31, 2024 and 2023, the audited carve-out financial statements of the Chlore Property operation for the years ended October 31, 2023 and 2022 and the condensed interim carve-out financial statements of the Chlore Property operation for the three and nine months ended July 31, 2024 and 2023.

The unaudited pro-forma consolidated financial statements give effect to the proposed Plan of Arrangement as if it had occurred on July 31, 2024. The unaudited pro-forma consolidated financial statements are not intended to reflect the results of operations or the financial position of the Company which would have actually resulted had the proposed transactions been in effect on the dates indicated. Further, the unaudited pro-forma financial information is not necessarily indicative of the results of operations that may be obtained in the future. The actual fair values of the assets and liabilities will be determined as of the date of completion of the Transaction and may differ materially from the amounts disclosed in the unaudited pro-forma consolidation financial statements.

## 2. PRO-FORMA TRANSACTIONS AND ADJUSTMENTS

The pro-forma consolidated financial statements reflect the following assumptions and adjustments:

- (a) Pursuant to the Arrangement Agreement, Zeus will transfer to Kelso the Chlore Property for the issuance of Kelso common shares. The Kelso common shares received by Zeus will be distributed to Zeus shareholders on a pro-rata basis.
- (b) Costs in connection with completion of the Transaction are estimated at \$60,000.

### **3. EFFECTIVE TAX RATE**

Upon completion of the Transaction, the effective tax rate of the resulting issuer is expected to be 27%.