SIGNATURE RESOURCES

Discipline | Execution | Integrity

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE THREE MONTHS ENDED

## JANUARY 31, 2024 AND 2023

**Notice of No Auditor Review of Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed interim consolidated financial statements (or “Interim Financial Statements”), they must be accompanied by a notice indicating that the Interim Financial Statements have not been reviewed by an auditor.

The management of Signature Resources Ltd. (“Management”) is responsible for the preparation of the Interim Financial Statements and accordingly, these Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards and are considered by Management to present fairly the consolidated financial position, operating results, and cash flows of the Company.

The Company’s independent auditor has not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the Interim Financial Statements by an entity’s auditor. These Interim Financial Statements include all adjustments, consisting of normal and recurring items, that Management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows.

| | |
|---|---|
| S/“*Dan Denbow*” | S/“*Rebecca Hudson*” |
| Dan Denbow,<br>Interim Chief Executive Officer | Rebecca Hudson,<br>Chief Financial Officer |

March 25, 2024

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)**
**(Expressed in Canadian dollars)**

| AS AT | Note | January 31, 2024 | October 31, 2023 |
|---|---|---|---|
| **ASSETS** | | **$** | $ |
| **CURRENT** | | | |
| Cash | | **534,541** | 121,179 |
| Investments | 4 | **5,750** | 5,750 |
| Accounts receivable | | **24,293** | 14,884 |
| Prepaid expenses | | **68,244** | 47,404 |
| **Total current assets** | | **632,828** | 189,217 |
| Equipment | 5 | **680,747** | 766,222 |
| **Total assets** | | **1,313,575** | 955,439 |
| **LIABILITIES** | | | |
| **CURRENT** | | | |
| Accounts payable and accrued liabilities | 7,9 | **951,142** | 1,064,875 |
| Deferred premium liability | 14 | **48,045** | - |
| **Total current liabilities** | | **999,187** | 1,064,875 |
| Rehabilitation provision | 10 | **854,399** | 846,225 |
| **Total liabilities** | | **1,853,586** | 1,911,100 |
| **SHAREHOLDERS' DEFICIENCY** | | | |
| Share capital | 8 | **19,530,586** | 18,886,949 |
| Contributed surplus | 8 | **4,489,305** | 4,467,812 |
| Deficit | | **(24,559,902)** | (24,310,422) |
| **Total shareholders' deficiency** | | **(540,011)** | (955,661) |
| **Total liabilities and shareholders' deficiency** | | **1,313,575** | 955,439 |

Nature of business and continuing operations (note 1)
Commitments and contingencies (notes 6, 10, 11)
Subsequent event (note 15)

Approved by the Board:

*S/ "Paolo Lostritto"* — Director

*S/ "Stephen Timms"* — Director

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

SIGNATURE RESOURCES
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**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (Unaudited)**
**(Expressed in Canadian dollars)**

| Periods ended January 31, | Note | 2024 | 2023 |
|---|---|---|---|
| | | $ | $ |
| **OPERATING EXPENSES** | | | |
| Exploration and evaluation expenditures | 6 | **61,447** | 60,471 |
| Salaries and wages | 7 | **24,900** | 30,400 |
| Office and general | | **47,952** | 54,474 |
| Share-based payments | 7,8 | **21,493** | 16,345 |
| Depreciation | 5 | **85,475** | 91,680 |
| Professional fees | | **10,540** | 16,741 |
| **NET LOSS BEFORE OTHER ITEMS** | | **(251,807)** | (270,111) |
| | | | |
| Premium on flow-through shares income | | **2,068** | - |
| Foreign exchange income | | **259** | 452 |
| **NET LOSS AND COMPREHENSIVE LOSS** | | **(249,480)** | (269,659) |
| | | | |
| **LOSS PER SHARE, basic and diluted** | | **(0.00)** | (0.00) |
| | | | |
| Weighted average number of common shares, basic and diluted | | **94,946,115** | 55,139,632 |

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

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
**(Expressed in Canadian dollars)**

| Periods ended January 31, | Note | 2024 | 2023 |
|---|---|---|---|
| | | $ | $ |
| **OPERATING ACTIVITIES** | | | |
| Net loss for the period | | **(249,480)** | (269,659) |
| Items not affecting cash: | | | |
| Depreciation expense | 5 | **85,475** | 91,680 |
| Share-based payments | 8 | **21,493** | 16,345 |
| Premium on flow-through shares income | 14 | **(2,068)** | - |
| Accretion of rehabilitation provision | | **8,174** | 8,422 |
| | | **(136,406)** | (153,212) |
| Changes in non-cash working capital items: | | | |
| Amounts receivable | | **(9,409)** | 36,191 |
| Prepaid expenses | | **(20,840)** | 31,066 |
| Accounts payable and accrued liabilities | | **(113,733)** | (55,699) |
| **Net cash used in operating activities** | | **(280,388)** | (141,654) |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from private placement | 8 | **696,250** | - |
| Share issuance costs | 8 | **(2,500)** | - |
| Loan proceeds received | | **-** | 200,000 |
| **Net cash provided by financing activities** | | **693,750** | 200,000 |
| **INVESTING ACTIVITIES** | | | |
| Investments | 4 | **-** | 51,750 |
| **Net cash provided by investing activities** | | **-** | 51,750 |
| **Net change in cash** | | **413,362** | 110,096 |
| **Cash, beginning of period** | | **121,179** | 3,219 |
| **Cash, end of period** | | **534,541** | 113,315 |
| *Non-cash activities:* | | | |
| Shares for debt | 8 | $ - | $ 217,402 |

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

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY) (Unaudited)**
**(Expressed in Canadian dollars)**

| | Note | Number of Shares | Share Capital | Contributed Surplus | Deficit | Total |
|---|---|---|---|---|---|---|
| | | # | $ | $ | $ | $ |
| **Balance, October 31, 2022** | | **55,139,622** | **17,871,069** | **4,357,953** | **(23,171,259)** | **(942,237)** |
| Share-based payments | 8 | - | - | 16,345 | - | 16,345 |
| Net loss and comprehensive loss for the period | 8 | - | - | - | (269,659) | (269,659) |
| **Balance, January 31, 2023** | | **55,139,622** | **17,871,069** | **4,374,298** | **(23,440,918)** | **(1,195,551)** |
| Private placements | 8 | 20,325,000 | 813,000 | - | - | 813,000 |
| Share issuance costs | 8 | - | (14,522) | - | - | (14,522) |
| Shares issued for debt | 8 | 5,435,050 | 217,402 | - | - | 217,402 |
| Share-based payments | 8 | - | - | 93,514 | - | 93,514 |
| Net loss and comprehensive loss for the period | | - | - | - | (869,504) | (869,504) |
| **Balance, October 31, 2023** | | **80,899,672** | **18,886,949** | **4,467,812** | **(24,310,422)** | **(955,661)** |
| Private placements | 8 | 25,845,455 | 696,250 | - | - | 696,250 |
| Share issuance costs | 8 | - | (2,500) | - | - | (2,500) |
| Share-based payments | 8 | - | - | 21,493 | - | 21,493 |
| Premium on flow-through shares | 14 | - | (50,113) | - | - | (50,113) |
| Net loss and comprehensive loss for the period | | - | - | - | (249,480) | (249,480) |
| **Balance, January 31, 2024** | | **106,745,127** | **19,530,586** | **4,489,305** | **(24,559,902)** | **(540,011)** |

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

## 1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Signature Resources Ltd. (the "Company" or "Signature") was incorporated on May 3, 2010, under the British Columbia Business Corporations Act. The Company's principal business activities include the acquisition and exploration of mineral resource assets in Canada, with a focus on precious metals. The Company's common shares are publicly traded on the TSX Venture Exchange ("TSXV") under the stock symbol "SGU", on the OTCQB under the symbol "SGGTF", and on the FSE under the symbol "3S3". The Company's corporate office address is #2704-401 Bay Street, Toronto, ON M5H 2Y4.

As at January 31, 2024, the Company had not yet determined whether its properties contained ore reserves that are economically recoverable. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or non-compliance with regulatory requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

As at January 31, 2024, the Company had an accumulated deficit of $24,559,902 (October 31, 2023 - $24,310,422), a working capital deficiency of $366,359 (October 31, 2023 –$875,658), and is not yet generating positive cash flows from operations. These factors indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue its operations as a going concern and to realize its assets and recover the amounts expended on its exploration and evaluation assets as this is dependent upon obtaining additional financing and for generating revenues sufficient to cover its operating costs.

On December 6, 2022, the Company completed a share consolidation of its share capital on the basis of five (5) pre-consolidation common shares for one (1) post-consolidation common share. All common shares, per common share amounts, warrants and stock options in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

The Company will need to raise capital in order to fund its operations. To address its financing requirements, the Company will seek financing through debt and equity financings, asset sales, and rights offerings to existing shareholders. The Company successfully completed a financing during the three-month period ended January 31, 2024.

These interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. Such adjustments could be material.

## 2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements ("Interim Financial Statements") have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". Accordingly, these Interim Financial Statements do not include all information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the years ended October 31, 2023, and 2022 ("Annual Financial Statements), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenues, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The functional and presentation currencies of the Company and its subsidiary are the Canadian dollar.

These Interim Financial Statements include the accounts of the Company and its wholly-owned subsidiary, Signature Exploration Ltd. All intercompany amounts and transactions have been eliminated on consolidation.

The Interim Financial Statements were authorized for issuance by the Board of Directors on March 25, 2024.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

i. Income, value added, withholding and other taxes related estimates

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities, such as those arising from the renunciation of flow-through expenditures, requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. In the case of flow-through, reassessment may result in amounts owing to certain shareholders.

ii. Estimation of restoration, rehabilitation and environmental obligation

Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

iii. Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumption about them, the assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

iv. Asset carrying values and impairment charges

In the determination of carrying values and impairment charges, Management looks at the higher of: recoverable amount; fair value less costs to sell in the case of assets; and significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that Management make a decision based on the best available information at each reporting period.

## 3. SIGNIFICANT ACCOUNTING POLICIES

These Interim Financial Statements have been prepared on the historical cost basis except as explained in the accounting policies set out in note 3 of the Company's Annual Financial Statements. These Interim Financial Statements have been prepared on an accrual basis except for cash flow information.

*a) New accounting standards*

**IAS 8** – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

This amendment was adopted on November 1, 2023. The adoption of this standard did not have a material impact on the Company's financial statements.

*b) Standards issued and effective for annual periods beginning on or after November 1, 2024*

**IFRS 10 – Consolidated Financial Statements ("IFRS 10")** and **IAS 28 – Investments in Associates and Joint Ventures ("IAS 28"**) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

**IAS 1 –** In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. **Presentation of Financial Statements ("IAS 1")** was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as a settlement of liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on or after January 1, 2024.

The Company is currently assessing the impact of these standards.

(Expressed in Canadian Dollars)

## 4. INVESTMENTS

As of January 31, 2024, the Company has an interest-bearing guaranteed investment certificate ("GIC") in the amount of $5,750 (October 31, 2023 - $5,750). The Company's GIC is held with a first-tier bank, with a maturity greater than 90 days but less than one year.

## 5. EQUIPMENT

| | Vehicles | Field Equipment | Computer Equipment | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance, October 31, 2022 | $ 344,498 | $ 1,508,760 | $ 10,627 | $ 1,863,885 |
| Additions for the year | - | | - | - |
| **Balance, October 31, 2023** | **$ 344,498** | **$ 1,508,760** | **$ 10,627** | **$ 1,863,885** |
| Additions for the year | - | - | - | - |
| **Balance, January 31, 2024** | **$ 344,498** | **$ 1,508,760** | **$ 10,627** | **$ 1,863,885** |
| | | | | |
| **Accumulated Depreciation** | | | | |
| Balance, October 31, 2022 | $ 121,459 | $ 614,353 | $ 4,809 | $ 740,621 |
| Depreciation for the year | 62,040 | 291,460 | 3,542 | 357,042 |
| **Balance, October 31, 2023** | **$ 183,499** | **$ 905,813** | **$ 8,351** | **$ 1,097,663** |
| Depreciation for the year | 15,510 | 69,079 | 886 | 85,475 |
| **Balance, January 31, 2024** | $ 199,009 | $ 974,892 | $ 9,237 | $ 1,183,138 |
| | | | | |
| **Net Book Value** | | | | |
| Balance, October 31, 2023 | $ 160,999 | $ 602,947 | $ 2,276 | $ 766,222 |
| **Balance, January 31, 2024** | **$ 145,489** | **$ 533,868** | **$ 1,390** | **$ 680,747** |

## 6. EXPLORATION AND EVALUATION ("E&E") EXPENDITURES

The Company holds a 100% interest in the Lingman Lake Property for the main purpose of gold exploration. A 3% net smelter return ("NSR") is attached to each of three different claim blocks. The Company can purchase one-half (1/2) of the NSR of each claim block for $1,500,000, collectively totaling $4,500,000 for all three blocks.

The Company holds 1,300 claims covering over 24,761 hectares. The claims package remains in good standing.

On May 11, 2021, the Company acquired a certain number of claims (the "Claims") along the Southern contact of the Lingman Lake Greenstone Belt. The consideration for the Claims was the payment of $8,000 in cash and the issuance of 40,000 common shares in the capital of the Company, valued at the market price of $0.925 per common share.

The following table summarizes the cumulative E&E expenditures incurred at the Lingman Lake Property:

**(Expressed in Canadian Dollars)**

| | | January 31, 2024 | | October 31, 2023 |
|---|---|---|---|---|
| **Cumulative expenditures, beginning of the period** | **$** | **15,832,543** | $ | 15,431,706 |
| Travel and lodging | | **12,207** | | 31,249 |
| Contract labour, salaries, wages | | **8,850** | | 14,809 |
| Asset retirement obligation accretion expense (note 11) | | **8,174** | | 34,232 |
| Field Supplies (recovery)[1] | | **(13,216)** | | 29,180 |
| Assays | | **-** | | 11,804 |
| Consulting expenses (note 7) | | **26,226** | | 161,428 |
| Equipment rentals | | **2,053** | | 15,406 |
| Logistics | | **8,453** | | 77,671 |
| Geophysical and geological consulting | | **8,700** | | - |
| Asset retirement obligation adjustment (note 11) | | **-** | | 25,058 |
| **Total expenditures during the period** | | **61,447** | | 400,837 |
| **Cumulative expenditures, end of the period** | **$** | **15,893,990** | $ | 15,832,543 |

[1] During the period ended January 31, 2024, the Company received proceeds from an insurance claim for field supplies and equipment that were damaged by snow during the previous winter season.

## 7. RELATED PARTY TRANSACTIONS

Short-term management fees paid during the three-month period ended January 31, 2024 relate to services provided by the CFO and Corporate Secretary.

| **Periods ended January 31,** | **2024** | 2023 |
|---|---|---|
| Short-term management fees | **$24,900** | $24,900 |
| Share-based payments | **16,914** | 1,847 |
| | **$41,814** | $26,747 |

As at January 31, 2024, the Company owes $nil (October 31, 2023 - $nil) to executives of the Company for unpaid consulting fees and expenses.

Refer also to note 8 for details of related party participation in the Company's private placements.

## 8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding – see consolidated statements of changes in equity.

i. On March 8, 2023, the Company completed a non-brokered private placement, through the issuance of 20,325,000 common shares, priced at $0.04 per share, for total proceeds of $813,000 (the "March 2023 Offering"). Participants in the private placement included directors and an officer of the Company who subscribed for a total of 10,000,000 common shares in the March 2023 Offering.

(Expressed in Canadian Dollars)

ii. On March 31, 2023, Signature completed a shares-for-debt transaction, previously announced on March 8, 2023, whereby $217,402 of the Company's outstanding debt was settled through the issuance of 5,435,050 common shares of the Company at a fair value of $0.04 per share. The debt settled includes a $200,000 loan made by a director of the Company on November 19, 2022 (note 7) for which 5,000,000 shares of the total were issued.

iii. On December 13, 2023, Signature completed a non-brokered private placement of flow-through shares ("FT Shares") and non-flow-through shares ("NFT Shares") for gross proceeds of C$696,250. The offering was comprised of 20,045,455 FT shares at C$0.0275 per share and 5,800,000 NFT shares at a price of C$0.025 per share. Twenty percent of the Offering was purchased by members of the Company's board of directors and management.

c) Stock options

Stock Option Plan

Under the Company's stock option plan (the "Plan"), the Company's Board of Directors is authorized to grant stock options to directors, officers, employees, consultants, consulting companies, and management company employees of the Company, and its subsidiaries. Total options granted shall not exceed 10% of the issued and outstanding common shares of the Company. Stock options granted are exercisable over a period not exceeding 10 years from the date of grant, and exercise prices may not be less than the market price of the common shares at the time of the grant. Options shall vest in the manner imposed by the Board of Directors as a condition at the date of grant.

The following table summarizes the stock options activity for the year ended October 31, 2023 and three months ended January 31, 2024:

| | **Number of Options** | **Weighted Average Exercise Price $** |
|---|---:|---:|
| **Balance at October 31, 2022** | **7,237,500** | **0.45** |
| Granted | 1,000,000 | 0.05 |
| Expired | (777,500) | 0.41 |
| Cancelled – note 8(c)(ii) | (2,400,000) | 0.40 |
| **Balance at October 31, 2023** | **5,060,000** | **0.42** |
| Granted | 2,450,000 | 0.05 |
| Expired | (500,000) | 0.55 |
| **Balance at January 31, 2024** | **7,010,000** | **0.27** |

(Expressed in Canadian Dollars)

The following table summarizes the outstanding stock options at January 31, 2024:

| Grant Dates | Exercise Price $ | Weighted Average Remaining Life (years) | Number of Options Outstanding | Number of Options Exercisable |
|---|---|---|---|---|
| Jun. 17 - Nov. 7, 2019 | 0.25 - 0.38 | 0.38 – 0.77 | 70,000 | 70,000 |
| Jul.14 - Aug. 17, 2020 | 0.25 - 0.50 | 1.45 – 1.55 | 500,000 | 500,000 |
| Nov. 8 - Dec. 23, 2020 | 0.33 - 0.65 | 1.77 – 1.90 | 1,440,000 | 1,440,000 |
| Jan. 19 - Feb.16, 2021 | 0.55 - 0.65 | 1.97 – 2.05 | 160,000 | 150,000 |
| May 10 - Aug. 4, 2021 | 0.80 - 1.00 | 0.27 – 2.51 | 690,000 | 522,500 |
| May 27, 2022 | 0.30 | 3.32 | 700,000 | 350,000 |
| June 26, 2023 | 0.05 | 4.41 | 1,000,000 | 375,000 |
| November 06, 2023 | 0.05 | 4.77 | 2,100,000 | 525,000 |
| December 13, 2023 | 0.05 | 4.87 | 350,000 | 87,500 |
| | **0.27** | **3.40** | **7,010,000** | **4,020,000** |

i. On June 26, 2023, 1,000,000 options were granted to a director and officer of the Company. The options have an exercise price of $0.05 and expire five years from the grant date. These options vest as to 25% immediately and 25% annually thereafter, through to the third anniversary of the grant date. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; risk-free rate interest rate of 3.70% and expected volatility of 146%. The fair value assigned to these options was $21,689.

ii. During the year ended October 31, 2023, 777,500 options expired, unexercised. The options had a weighted average exercise price of $0.41

iii. On November 6, 2023, 2,100,000 options were granted to directors of the Company. The options have an exercise price of $0.05 and expire five years from the grant date. These options vest as to 25% immediately and 12.5% semi-annually thereafter until the third anniversary of the grant date. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 3.87% and expected volatility of 154%. The fair value assigned to these options was $46,802.

iv. On December 13, 2023, 350,000 options were granted to a new director of the Company. The options have an exercise price of $0.05 and expire five years from the grant date. These options vest as to 25% immediately and 12.5% semi-annually thereafter until the third anniversary of the grant date. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, risk-free interest rate of 3.33% and expected volatility of 156%. The fair value assigned to these options was $9,500.

v. During the three months ended January 31, 2024, 500,000 options expired, unexercised due to a director resigning from the Board of Directors, and a consultant leaving the Company. The options had a weighted average exercise price of $0.55.

(Expressed in Canadian Dollars)

vi. During the three months ended January 31, 2024, a total of $21,493 (2022 - $16,345) was recorded to share-based compensation expense and charged to contributed surplus for options that vested during the period.

d) Warrants

The following is the warrants activity for the three months ended January 31, 2024, and the year ended October 31, 2023:

| | Number of Warrants | Weighted Average Exercise Price $ |
|---|---|---|
| **Balance, October 31, 2022** | **2,434,828** | **1.16** |
| Expired | (2,434,828) | 1.16 |
| **Balance, October 31, 2023 and January 31, 2024** | **-** | **-** |

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| As at | January 31, 2024 | October 31, 2023 |
|---|---|---|
| Accounts payable | **$31,715** | $130,065 |
| Accrued liabilities - MENDM(1) | **884,325** | 884,325 |
| Other accrued liabilities | **35,102** | 50,485 |
| | **$951,142** | $1,064,875 |

(1) Prior to the acquisitions of Signature Exploration Ltd. and the Lingman Lake Property, the Ministry of Energy, Northern Development and Mines (”MENDM”) had requested the removal of certain above-ground storage tanks containing approximately 800,000 litres of fuel that were considered a mine hazard. Due to the failure of the prior owners to comply with MENDM’s request for it to be cleaned up, MENDM took action and managed the disposition of the fuel at a cost of $884,325.

## 10. DEFERRED PREMIUM ON FLOW-THROUGH SHARES

The premium paid for FT Shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is subsequently reduced and recorded in the consolidated statements of loss and comprehensive loss as a gain, on a pro-rata basis, based on the corresponding Canadian Eligible Exploration (“CEE”) expenditures that have been incurred. Total premium liability of $50,113 was recognized in respect of the December 13, 2023 flow-through financing (note 8).

During the three months ended January 31, 2024, $2,068 (2023 – $nil) of deferred premium liability was recognized as income in the condensed interim consolidated statements of loss and comprehensive loss.

**(Expressed in Canadian Dollars)**

## 11. REHABILITATION PROVISION

Historical work done by other companies on the Company's mining sites also resulted in MENDM issuing an order to the Company requiring the filing of a mine closure plan ("MCP"). Therefore, the rehabilitation provision recorded in these consolidated financial statements represents the estimate of the eventual legal and contractual obligations associated with a future closure of the Company's mining operations either progressively or at the end of the mine life. A draft MCP was submitted to MENDM in September 2021. The Company is awaiting a response from MENDM to discuss the results of actions taken by the Company with respect to the MCP, and to discuss any further requirements needed to finalize the closure plan. The MCP obligations consist of estimated costs associated with reclamation and monitoring activities and the removal of tangible assets from the Company's mining sites.

A summary of the Company's rehabilitation provision is presented below:

| As at | **January 31, 2024** | October 31, 2023 |
|---|---|---|
| Balance, beginning of period | **$846,225** | $786,935 |
| Change in estimate | **-** | 25,058 |
| Accretion expense | **8,174** | 34,232 |
| **Balance, end of period** | **$854,399** | $846,225 |

During the year ended October 31, 2023, the Company recorded an adjustment to the liability on the statement of financial position at its present value amount, adjusted for 2.58% (2022 – 2.53%) annual inflation, and discounted back to October 31, 2023, using a risk-free interest rate of 3.92% (2022 – 4.35%), which resulted in a change in estimate of $25,058 (2022 – reduction of $95,794), and is included in exploration and evaluation expenditures. During the three-month period ended January 31, 2024, the Company has recorded accretion expense of $8,174 (January 31, 2023 – $8,422).

## 12. COMMITMENTS AND CONTINGENCIES

As at January 31, 2024, the Company has recorded an accrued liability for certain future costs detailed in the MCP and a rehabilitation provision (note 10) for its potential environmental liabilities.

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company has termination provisions included in its agreements with executive management. In the event of termination from the Company, these contracts contain minimum commitments of approximately $34,425. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company has indemnified the subscribers of Signature's prior flow-through share offerings against any tax-related amounts that become payable by the subscribers as a result of the Company not meeting its spending commitments. As at January 31, 2024, the Company believes it has incurred all of its CEE spending requirements.

**(Expressed in Canadian Dollars)**

## 13. MANAGEMENT OF CAPITAL

The Company considers its capital structure to include the components of shareholders' equity (deficiency). Management's objective is to ensure that there is sufficient capital to support the Company's exploration and corporate activities. In doing so, the Company strives to safeguard its ability to continue as a going concern in order to pursue its principal business of exploration and thereby maximize shareholder returns. As the Company has no revenue from operations, it must self-finance. Historically, the Company has been successful in obtaining financing from private equity placements, however, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's capital management objectives, policies, and processes have remained unchanged during the three months ended January 31, 2024, and 2023. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than that of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for the year end.

As at January 31, 2024, the Company is in compliance with the TSXV working capital requirements.

## 14. FINANCIAL INSTRUMENTS

*Categories and fair value of financial instruments*

The Company's financial instruments consist of cash, investments, amounts receivable, and accounts payable and accrued liabilities. The carrying values of the Company's short-term financial assets and liabilities approximate their fair values due to their short periods to maturity.

The following table summarizes the categories and fair values of the Company's financial instruments:

| **As at January 31, 2024** | | | | |
|---|---|---|---|---|
| | | **Carrying Value** | | **Fair Value** |
| | **FVTPL** | **FVTOCI** | **Amortized Cost** | **Total** |
| Financial Assets and Liabilities | | | **$** | **$** |
| Cash | - | - | **534,541** | **534,541** |
| Investments | - | - | **5,750** | **5,750** |
| Amounts receivable | - | - | **24,293** | **24,293** |
| Accounts payable and accrued liabilities | - | - | **(951,141)** | **(951,141)** |

| As at October 31, 2023 | | | | |
|---|---|---|---|---|
| | | Carrying Value | | Fair Value |
| | FVTPL | FVTOCI | Amortized Cost | Total |
| Financial Assets and Liabilities | | | $ | $ |
| Cash | - | - | 121,179 | 121,179 |
| Investments | - | - | 5,750 | 5,750 |
| Amounts receivable | - | - | 14,884 | 14,884 |
| Accounts payable and accrued liabilities | - | - | (1,064,875) | (1,064,875) |

**Credit Risk**
Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and investments. To minimize the credit risk on cash the Company places the instruments with a high-credit quality financial institution.

**Liquidity Risk**
The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, administrative, and exploration and evaluation expenditures. The objective of this process is to ensure that it secures sufficient cash to meet these planned expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset-backed commercial paper or similar instruments.

**Foreign Exchange Risk**
The Company does not have significant foreign exchange risk as most of its transactions are in Canadian dollars.

**Interest Rate Risk**
The Company is not exposed to significant interest rate risk.

**Commodity Price Risk**
The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## 15. SUBSEQUENT EVENTS

i. Subsequent to the period ended January 31, 2024, 1,190,000 options expired, unexercised. The options had a weighted average exercise price of $0.52.