NICKEL NORTH EXPLORATION CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(Unaudited –Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report in accordance with securities legislation and the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

NICKEL NORTH EXPLORATION CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2024 AND DECEMBER 31, 2023
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note		June 30, 2024		December 31, 2023
					(Audited)
ASSETS					
Current assets					
Cash and cash equivalents		$	47,084	$	26,582
Sales tax recoverable and other receivables			6,157		13,815
Prepaid expenses and deposits			816		5,826
Total current assets			54,057		46,223
Total assets		$	54,057	$	46,223
LIABILITIES AND EQUITY					
Current liabilities					
Accounts and other payables	6/8	$	301,339	$	227,372
Loan payable	8		267,615		157,424
Convertible debenture	8		1,990,092		1,894,452
Total current liabilities			2,559,046		2,279,248
Government loan	11		60,000		60,000
Deferred income tax liabilities			11,152		11,152
Total liabilities			2,630,198		2,350,400
Equity					
Share capital	7		12,118,042		12,118,042
Contributed surplus			818,506		818,506
Deficit			(15,512,689)		(15,240,725)
Total equity			(2,576,141)		(2,304,177)
Total liabilities and equity		$	54,057	$	46,223

Going concern (Note 2)

The financial statements were approved and authorized for issue by the board of directors on August 29, 2024 and were signed on behalf by:

" Jingbin Wang"
Director

"Yingting Guo"
Director

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

NICKEL NORTH EXPLORATION CORP.
CONDENSED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

		Three Months Ended		Six Months Ended	
	Note	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
OPERATING EXPENSES					
Accounting and Audit		$ 15,944	$ 14,884	$ 26,644	$ 25,584
Bank charges and interest	8	54,852	46,878	106,183	90,508
Consulting fees	8	39,062	53,062	83,125	120,435
Legal		-	3,159	333	7,966
Media and conference		523	4,561	1,280	14,916
Office administration and miscellaneous		6,686	7,774	11,728	15,269
Transfer agent and filing fees		7,431	11,199	14,541	20,894
Share-based compensation	7	-	11,676	-	36,565
		(124,498)	(153,193)	(243,834)	(332,137)
EXPLORATION EXPENSES	5	(25,300)	(2,500)	(28,130)	(2,500)
OTHER ITEMS					
Interest and other income		-	-	-	486
Net and comprehensive loss for the period		$ (149,798)	$ (155,693)	$ (271,964)	$ (334,151)
Basic and diluted loss per common share		$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding		100,435,497	100,435,497	100,435,497	100,435,497

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

NICKEL NORTH EXPLORATION CORP.
CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, January 1, 2023	100,435,497	$ 12,118,042	$ 775,335	$ (14,618,889)	$ (1,725,512)
Net and comprehensive loss for the period	-	-	36,565	(334,151)	(297,586)
Balance, June 30, 2023	100,435,497	$ 12,118,042	$ 811,900	$ (14,953,040)	$ (2,023,097.51)
Balance, January 1, 2024	100,435,497	$ 12,118,042	$ 818,506	$ (15,240,725)	$ (2,304,177)
Net and comprehensive loss for the period	-	-	-	(271,964)	(271,964)
Balance, June 30, 2024	100,435,497	$ 12,118,042	$ 818,506	$ (15,512,689)	$ (2,576,141)

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

NICKEL NORTH EXPLORATION CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note		Six Months Ended June 30, 2024		Six Months Ended June 30, 2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Net loss for the year		$	(271,964)	$	(334,151)
Items not affecting cash:					
Accrued interest	8		105,832		90,137
Share-based compensation			-		36,565
Changes in non-cash working capital items:					
Sales tax recoverable and other receivables			7,657		29,424
Prepaid expenses and deposits			5,010		32,784
Account and other payables			73,966		77,424
Net cash used in operating activities			(79,498)		(67,817)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Return of retricted cash	4		-		28,750
Net cash from investing activities			-		28,750
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Government loan			-		-
Loan from related party			100,000		100,000
Net cash provided by financing activities			100,000		100,000
Change in cash and cash equivalents during the year			20,502		60,933
Cash and cash equivalents, beginning of the year			26,582		35,308
Cash and cash equivalents, end of the year		$	47,084	$	96,241

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

1. NATURE OF BUSINESS

Nickel North Exploration Corp. (the "Company") was incorporated under the laws of British Columbia, Canada on February 27, 2007 as Orient Ventures Capital Inc. and changed its name to Nickel North Exploration Corp. on July 30, 2012. The Company maintains its registered and head office at Suite 890, 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 2E7.

The Company is currently engaged in the acquisition, exploration and evaluation of mineral property interests in Canada. The Company's common shares are listed on the TSX Venture Exchange (TSX-V) under the symbol "NNX".

2. BACKGROUND AND BASIS OF PREPARATION

Basis of preparation

These condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standard Board ("IASB").

Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Going concern

The Company is an exploration stage company. At present, the Company's operations do not generate cash flow. As at June 30, 2024, the Company had a working capital deficiency of $2,504,989 and an accumulated deficit of $15,512,689. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in the near future, which raises material uncertainty and may cast significant doubt about the Company's ability to continue as a going concern. The directors, after reviewing the current cash position and having considered the Company's ability to raise funds in the short term, believe that the going concern basis is appropriate in preparing its financial statements.

These condensed financial statements do not include adjustments that would be required if going concern was not deemed an appropriate basis for preparation of the financial statements. These adjustments could be material.

Use of estimates and judgements

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

2. BACKGROUND AND BASIS OF PREPARATION (continued)

Actual results could differ from these estimates. Significant areas requiring the use of management estimates and judgments include:

i) The determination of deferred income tax assets or liabilities requires judgment regarding future income tax rates and the likelihood of utilizing tax carry-forwards and temporary differences. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of cash held at banks. There are no cash equivalents as of June 30, 2024 .

Mineral properties and exploration expenditures

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, drilling and other work involved in searching for minerals.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

(i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;

(ii) determining the optimal methods of extraction and metallurgical and treatment processes;

(iii) studies related to surveying, transportation, and infrastructure requirements;

(iv) permitting activities; and

(v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Exploration and evaluation expenditures incurred on a license where a NI 43-101 – Standards of Disclosure for Mineral Projects ("43-101") compliant resource has not yet been established are expensed as incurred until sufficient evaluation has occurred in order to establish a 43-101 compliant resource and on completion of a pre-feasibility study. Costs expensed during this phase are included in "exploration and evaluation expenses" in the consolidated statements of operations and comprehensive loss.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized; this includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

3. MATERIAL ACCOUNTING POLICIES (continued)

Mineral properties and exploration expenditures (continued)

Mine development costs are capitalized if management determines that there is sufficient evidence to support probability of generating positive economic returns in the future. A mineral resource is considered to have economic potential when the technical feasibility and commercial viability of extraction of the mineral resource is demonstrable considering long-term metal prices. Prior to capitalizing such costs, management determines if there is a probable future benefit that will contribute to future cash inflows, the Company can obtain the benefit and control access to it, and if the transaction or event giving rise to the benefit has already occurred.

If the Company does not have sufficient evidence to support the probability of generating positive economic returns in the future, mine development costs are expensed in the consolidated statements of operations and comprehensive loss.

Provision for decommissioning and restoration obligations

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected future cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. Such costs arise from the decommissioning of site preparation work, discounted to their net present value which is capitalized to the carrying amount of the asset. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at June 30, 2024 and December 31, 2023, the Company has no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

Government assistance

Mining tax credits and mining duties are recorded in the year of receipt. Quebec mining exploration tax credits for certain exploration expenditures incurred in Quebec are treated as a reduction of the exploration and evaluation costs of the respective mineral property.

Government grants

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the amounts will be received.

Government grants toward current expenses are recognized in profit or loss for the period as other income.

Government grants towards expenses of future accounting periods are deferred and recognized in income as related expenses are incurred.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments

i) Financial assets

All financial assets are classified and measured at amortized cost, fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”).

Financial assets are initially recognized at fair value plus transaction costs, except for FVTPL. FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss when incurred.

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost using the effective interest rate method. The Company does not have any financial assets measured at amortized cost.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured 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 OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings. The Company does not have any financial assets classified as FVTOCI.

By default, all other financial assets are measured subsequently at FVTPL. The Company’s cash and cash equivalents and restricted cash are measured at FVTPL.

ii) Financial Liabilities

All financial liabilities are classified as measured at amortized cost or FVTPL. Financial liabilities at amortized cost are initially recognized at fair value minus transaction costs, FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss when incurred.

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method except for financial liabilities at FVTPL. The Company’s accounts and other payables, loan payable， convertible debenture and government loan are measured at amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statement of loss and comprehensive loss. The Company does not have any financial liabilities classified as FVTPL.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

iii) Derecognition of financial assets and financial liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of loss and comprehensive loss.

iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value (typically common shares) and then the residual value, if any, to the less easily measurable component (typically warrants).

Convertible Debentures

The convertible debenture is recorded using the residual method, where the convertible debenture was bifurcated into a debt component and equity component comprised of the convertible feature embedded within the liability. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortized cost until extinguished on conversion or maturity of the debenture. The remainder of the proceeds is allocated to the conversion option and is recognized in the contributed surplus within shareholders' equity, net of income tax effects.

Loss per share

Basic earnings/loss per share is calculated by dividing the earnings/loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the earnings/loss attributable to common shareholders equals the reported earnings/loss attributable to owners of the Company. The diluted earnings/loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

3. MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

Share-based payments to employees and others providing similar services are measured at the grant date 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 the 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 amount recognized as an expense is adjusted to reflect the number of options expected to vest. The offset to the recorded cost is to contributed surplus. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized as an expense is based on the number of options that eventually vest. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

The fair value of the stock options is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, expected forfeitures, and the risk-free interest rate (based on government bonds).

Warrants

The Company uses the residual value approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common share and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant.

Income taxes

Current income taxes receivable or payable are estimated on taxable income or loss for the current year at the statutory tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets also result from unused loss carry forwards and other deductions. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. Deferred income tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which they can be utilized.

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 tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. On issue, share capital is recorded at the trading value of an ordinary common share. The difference between the proceeds and the ordinary common share value is recorded as a flow-through share premium liability. The flow-through share premium liability is reduced upon incurring qualifying expenditures and renouncement by the Company of the tax benefits associated with the related expenditures. To the extent that suitable deferred income tax assets are available, the Company will reduce any deferred income tax liability and record a deferred income tax recovery or expense.

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

Newly adopted and future accounting standards

New standards or amendments are either not applicable or not expected to have a significant impact on the Company's financial statements.

4. RESTRICTED CASH

The Company has provided corporate credit cards to its directors with a credit limit totalling $25,000 to pay the Company's expenses. As collateral for the credit cards, the Company has a GIC of $28,750 earning annual interest at the prime rate minus 2.9% per annum. During the year ended December 31, 2023, the GIC amount of $28,750 with interests were fully refunded as the corporate credit card was cancelled.

5. EXPLORATION AND EVALUATION EXPENSES

The following is a summary of accumulated exploration and evaluation expenses:

		Hawk Ridge Property, Quebec
December 31, 2022		11,082,126
Expenditures		13,973
December 31, 2023	$	11,096,099
Expenditures		28,130
June 30, 2024	$	11,124,229

Hawk Ridge Property:

On March 29, 2012, the Company entered into an option agreement with Anthem Resources Inc. ("Anthem") and its wholly-owned subsidiary (together the "Optionors"), which was subsequently amended on May 15, 2012 (the "First Amendment"), on February 15, 2013 (the "Second Amendment"), and on April 17, 2013 (the "Third Amendment") whereby the Optionors granted the Company an option to acquire a 100% interest in the Hawk Ridge Ni-Cu-PGE Project in Northern Quebec (the "Hawk Ridge Property") by making staged payments totaling $2,000,000 in cash, $907,919 equivalent in common shares of the Company and $92,081 by services in kind to Anthem by December 31, 2013 as follows:

- Pay $500,000 in cash (paid) and $250,000 in common shares (issued) within five business day of TSX-V final approval of the transaction;
- Pay $500,000 in cash (paid) and $250,000 in common shares (issued) by December 31, 2012; and
- Pay $1,000,000 in cash (reduced by $92,081 for 20% of geophysical survey costs paid by the Company) and issue $500,000 in common shares ($500,000 divided by the greater of (A) the price per consideration share ("Share"), equal to 10% discount to the Share's moving average trading price for the 20 day period immediately preceding the date of issuance, and (B) $0.20) on or before December 31, 2013 (issued).

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION EXPENSES (Continued)

During the year ended December 31, 2013, under the Third Amendment, in lieu of paying $1,000,000 in cash on or before December 31, 2013, the Company issued to the Optionors 3,631,675 units (the "Conversion Units") equal to $907,919 ($1,000,000 less $92,081 for the geophysical survey costs) divided by $0.25 per Conversion Unit. Each Conversion Unit consists of one common share and one half of one common share purchase warrant with each whole warrant entitling the holder to acquire one additional common share for a period of two years, at an exercise price of $0.35 per share in the first year and $0.60 per share in the second year. In addition, the Company issued 2,500,000 common shares equal to $500,000 divided by the greater of $0.20 or a 10% discount to the 20 day moving average trading price of the Company for the 20 day period immediately preceding the date of issuance.

On May 1, 2013, the Company has fulfilled all option payments and acquired 100% ownership of the Hawk Ridge Property.

The property is subject to a 3% net smelter returns royalty ("NSR") and the Company has the option to purchase one-third of the NSR (1%) for $1,000,000.

The exploration expenditures incurred on the property in Quebec are entitled to certain Quebec mining exploration tax credits.

The company has completed the following exploration program in the summer of 2022,

During the six months ended June 30, 2024 the Company had incurred $28,130 (June 30, 2023 - $2,500) in exploration expenditures.

	June 30, 2024	June 30, 2023
Claim cost	$ 26,105	$ -
Geological consulting	2,025	2,500
Total cost	$ 28,130	$ 2,500

The Company has entered into an option agreement (the "Option Agreement") dated March 6, 2023 to sell a 100% undivided interest in the Hawk Ridge Project to 1844 Resources Inc. ("1844") in exchange for a series of cash payments, share issuances and funding of exploration expenditures, separated into five phases.

Phase One
1844 is entitled to acquire a 10% undivided interest in Hawk Ridge on the date that is two business days following the approval of the Option Agreement (the "Effective Date") by the TSX Venture Exchange (the "Exchange") by paying $1,000,000 and issuing 1,000,000 common shares in the capital of the 1844 ("Common Shares") to the Company.

Phase Two
If 1844 exercises the First Option, it can acquire an additional 10% undivided interest in Hawk Ridge by paying $1,000,000 and issuing 1,000,000 Common Shares to the Company on the first anniversary of the Effective Date and incurring $500,000 of exploration expenditures before the first anniversary of the Effective Date (the "Second Option").

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION EXPENSES (continued)

Phase Three
If 1844 exercises the Second Option, it can acquire an additional 20% undivided interest in Hawk Ridge by paying $1,000,000 and issuing 2,000,000 Common Shares to the Company on the second anniversary of the Effective Date and incurring $500,000 of exploration expenditures before the second anniversary of the Effective Date (the “Third Option”).

Phase Four
If 1844 exercises the Third Option, it can acquire an additional 40% undivided interest in Hawk Ridge by paying $2,000,000 and issuing 3,000,000 Common Shares to the Company on the third anniversary of the Effective Date and incurring $1,000,000 of exploration expenditures before the third anniversary of the Effective Date (the “Fourth Option”).

Phase Five
If 1844 exercises the Fourth Option, it can acquire an additional 20% undivided interest in Hawk Ridge by paying $1,000,000 and issuing 3,000,000 Common Shares to the Company on the fourth anniversary of the Effective Date and incurring $1,000,000 of exploration expenditures before the fourth anniversary of the Effective Date (the “Fifth Option” and, collectively with the First Option, Second Option, Third Option and Fourth Option, the “Options”).

Completion of the transaction is subject to several conditions including, but not limited to, final approval of the Exchange and all other necessary approvals including shareholder approval by the Company shareholders for the Fourth and Fifth Options. Pursuant to the terms of the Option Agreement the Company is required to receive lock-up and support agreements from shareholders holding not less than 60% of the Company's common shares.

The Company has received the Exchange’s conditional approval and shareholder approval for the transaction. The Company is working with 1844 toward completion of the first option under the option agreement.

On December 12, 2023, the Company and 1844 have entered into an amended and restated option agreement (the “Amended and Restated Option Agreement”) with respect to the Option Agreement. Upon entering into the Amended and Restated Option Agreement, the Company received from 1844 a non-refundable deposit of $15,000 in cash.

On February 29, 2024, the Amended and Restated Option Agreement was terminated due to market conditions.

6. ACCOUNTS AND OTHER PAYABLES

The Company’s accounts and other payables are as follows:

		June 30, 2024		December 31, 2023
Accounts payable	$	230,714	$	164,872
Accrued expenses		75,625		62,500
	$	306,339	$	227,372

Please also refer to Note 8 for breakdown of due to related party balances included in accounts and other payables.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized

The Company has authorized an unlimited number of common shares with no par value and an unlimited number of non-voting, non-participating, non-cumulative preferred shares without par value issuable in series.

Issued share capital

On April 29, 2022, the Company issued 9,410,000 units (each an "Unit") at $0.05 per Unit for gross proceeds of $470,500. Each Unit comprised of one common share in the capital of the company (a "Share") and one full common share purchase warrant (a "Warrant"). Each full Warrant shall be exercisable into one Share at an exercise price of $0.075 for two years from the date of issuance date. $470,500 was recorded as share capital and no value was recorded as warrants. 42,700 broker warrants were issued, and its value was determined to be $1,641.

On May 26, 2022, the Company issued 750,000 Units at $0.05 per Unit for gross proceeds of $37,500. Each Unit comprised of one common share in the capital of the company and one Warrant. Each full Warrant shall be exercisable into one Share at an exercise price of $0.075 for 2 years from the date of issuance date. $37,500 was recorded as share capital and no value was recorded as warrants.

On August 11, 2022, the company issued 6,000,000 flowthrough units (the “FT Units”) at $0.05 per FT Unit for gross proceeds of $300,000. Each FT Unit consists of one common share and one non-transferable share purchase warrant (a "Warrant”). Each Warrant will entitle the holder to purchase one additional common share of the Company at $0.075 per common share. The Warrants will have an expiry date of two years from the date of issuance, subject to certain acceleration clauses. On issue, $270,000 was recorded to share capital based on the trading value of an ordinary common share. The difference between the proceeds and the ordinary common share value, $30,000 was recorded as a flow-through share premium liability. No value was recorded as warrants. The flow-through share premium liability was reduced and recognized as income upon incurring qualifying expenditures and renouncement by the Company of the tax benefits associated with the related expenditures. 420,000 broker warrants was issued and its value was determined to be $11,838.

On August 16, 2022, the Company issued 4,469,250 shares for debt settlement with related parties loan in the aggregate amount of $223,463. The fair value of issued shares was determined to be $201,116 resulting in a gain of $22,346 from debt settlement recognized in the statements of loss and comprehensive loss.

During the six months ended June 30, 2024, the Company does not have any preferred shares outstanding.

Stock options

The Company has a stock option plan under which it 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. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors.

During the year ended December 31, 2022, 5,600,000 stock options were granted to employees, directors, and external consultants of the company. The options will vest over a period of one year, with 25% vested every three months starting on January 24, 2023, and will expire on October 24, 2024.

	Number of options	Weighted average Exercise price
Outstanding, December 31, 2021	-	$ -
Granted	5,600,000	0.06
Expired	-	-
Outstanding, December 31, 2022 and June 30, 2023	5,600,000	$ 0.06

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Stock options (continued)

As of June 30, 2024, all of the outstanding options are vested and exercisable.

For the six months ended June 30, 2024, the Company recorded $nil (June 30, 2024 - $36,565) share-based compensations related to these stock options granted.

	2023
Expected stock price volatility	**138% - 221%**
Risk-free interest rate	**4.11-4.90%**
Expected life of warrants	**1-1.75 Years**
Forfeiture rate	**0%**

Warrants

During the year ended December 31, 2023, there were no warrants issued to the agents (2022 - 462,700). The value for the agents' warrants issued in 2022 was determined to be $13,480. Agents' warrants are measured at fair value on the date of the grant as determined using a Black-Scholes option pricing model assuming no expected dividends and the following assumptions:

	2022
Expected stock price volatility	**126% - 182%**
Risk-free interest rate	**4.11%**
Expected life of warrants	**2 Years**
Forfeiture rate	**0%**

Expiry date	Exercise Price	Number of warrants outstanding
August 10, 2024	$ 0.075	6,420,000

	Number of warrants	Weighted average Exercise price
Outstanding, December 31, 2021	-	$ -
Granted	6,420,000	0.075
Expired	10,202,700	-
Outstanding, June 30, 2024	**6,420,000**	**$ 0.075**

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into the following related party transactions for the six months ended June 30, 2024 and 2023:

a) Incurred consulting fees of $60,000 (June 30, 2023 - $69,000) from a company controlled by the Chief Executive Officer ("CEO") of the Company.

b) Incurred consulting fees of $15,000 (June 30, 2023 - $15,000) from the Chief Finance Officer ("CFO") of the Company.

c) Incurred corporate consulting fees of $nil (June 30, 2023 - $5,000) from the Company's majority shareholder.

d) On November 2, 2016 the Company entered into a loan agreement with its majority shareholder, Sinotech (Hong Kong) Corporation Limited. ("Sinotech") for the principal amount of $300,000. The loan was unsecured, bore interest at 8% per annum and matured on December 31, 2016. On December 30, 2016 and June 28, 2017, the Company and Sinotech entered into loan amendment agreements and as of December 31, 2017, the total loan payable to Sinotech from the Company including accrued interest was $624,148.

   On May 31, 2018, the Company and Sinotech entered into Amendment No.3 to the Loan Agreement ("Amendment No.3") to further extend the repayment term of the loan to December 31, 2018, increase the principal amount of the loan to $844,005 and increase the interest rate on the loan from 8% per annum to 10% per annum. On December 27, 2018, the Company and Sinotech entered into Amendment No.4 to the Loan Agreement ("Amendment No.4") to further extend the repayment term of the loan to March 31, 2019 and increase the principal amount of the loan to $892,248.

   On March 18, 2019, the Company and Sinotech entered into Amendment No.5 to the Loan Agreement ("Amendment No.5") to further extend the repayment term of the loan payable to June 30, 2019 and increase the principal amount of the loan to $1,012,048. The Company subsequently received the $100,000 loan principal from Sinotech on April 26, 2019.

   On July 16, 2019, the Company and the Sinotech entered into Amendment No.6 to the Loan Agreement ("Amendment No. 5") to further extend the repayment term of the loan to the Company to December 31, 2019, while also increasing the principal amount of the loan to $1,039,849. On January 13, 2020, the Company and the Sinotech entered into Amendment No.7 to the Loan Agreement ("Amendment No. 6") to further extend the repayment term of the loan to the Company to December 31, 2020, while also increasing the principal amount of the loan to $1,092,269. On April 3, 2020, an additional $50,000 loan was received from Sinotech.

   On January 13, 2020, the Company and the Sinotech entered into Amendment No.7 to the Loan Agreement ("Amendment No. 6") to further extend the repayment term of the loan to the Company to December 31, 2020, while also increasing the principal amount of the loan to $1,092,269. On April 3, 2020, an additional $50,000 loan was received from Sinotech.

   On December 22, 2020, another loan agreement was entered and $100,000 was received by the Company in January 2021. On February 17, 2022, another $100,000 loan was received by the Company. The new principal amount comprises the current principal amount of the loan advanced to the Company to date and accrued interest thereon. The new principal amount will bear interest at a fixed rate of 10% per annum. All other terms and conditions of initial loan agreement between the Company and the Lender dated November 2, 2016 remain in force and are unamended except to the extent amended by the parties.

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

On August 19, 2022, the Company settled an aggregate amount of $1,654,995 in loan from SinoTech through the issuance of a convertible debenture due on August 19, 2023, with an interest rate of 10% per annum. SinoTech has the right to convert the loan amount to the common shares of the company at the price of $0.05 per share. The company determined that the fair value of the debt component of the convertible debt approximate the total value. Therefore, no amount was recorded for the equity component. The convertible debenture was not repaid or converted as of June 30, 2024. It is due on demand. As at June 30, 2024, the convertible debentures balance was $1,990,092 (December 31, 2023 - $1,802,444); the loan payable balance was $267,615 (December 31, 2023 - $149,778).

On May 6, 2023, the Company entered into a loan agreement with Sinotech for a loan to the company in the principal amount of $100,000 fir a term of one year. The principal amount will bear interest at a fixed rate of 10 per cent per annum. The Loan is unsecured and the Company did not pay any bonus to SinoTech in connection with the Loan.

On April 1, 2024, the Company announced that the Company has entered into a loan agreement with SinoTech for a loan to the Company in the principal amount of $100,000 for a term of one year. The principal amount will bear interest at a fixed rate of 10 per cent per annum.

During the six months ended June 30, 2024, the Company incurred interest expense of $10,192 (June 30, 2023 - $3,973) in relation to the loan payable and interest expense of $95,640 (June 30, 2023 - $86,164) in relation to the convertible debenture.

e) Incurred director fees of $8,125 (June 30, 2023 - $8,125) from the directors of the Company which have been included in consulting fees in the statement of comprehensive loss.

f) Included in accounts and other payables is $233,125 (June 30, 2023 - $109,700) due to directors, officers and companies controlled by directors and officers for services rendered and unpaid director fees. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

g) On August 16, 2022, the Company issued 4,469,250 shares for debt settlement with related parties loan in the aggregate amount of $223,463. The fair value of issued shares was determined to be $201,117 resulting in a gain of $22,346 from debt settlement recognized in the statements of loss and comprehensive loss. (Note 7)

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the exploration and evaluation of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, and acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management.

There were no changes in the Company's approach to capital management from the prior year. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash and cash equivalents, accounts and other payables, loan payable and convertible debenrure. The fair value of these financial instruments approximates their carrying value due to their current nature or short terms of maturity.

The following table summarizes the carrying values of the Company's financial instruments:

			June 30, 2024		June 30, 2023
FVTPL	(i)	$	47,084	$	96,241
Other financial liabilities	(ii)	$	2,559,046	$	2,124,661

(i) Cash and cash equivalents
(ii) Accounts and other payables, loan payable and convertible debenture

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market data

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

		Level 1		Level 2		Level 3		Total June 30, 2024
Cash and cash equivalents	$	47,084	$	-	$	-	$	47,084

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents. The credit risk with respect to its cash and cash equivalents is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. As at June 30, 2024, the Company had a working capital deficiency of $2,504,989 (December 31, 2023 – working capital deficiency of $2,233,025). All of the Company's financial liabilities are classified as current.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements, issuance of debt, and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Significant contractual obligations in years subsequent to June 30, 2024 are as follows:

		Carrying value		Contractual cash flows		< 1 year		1 – 3 years
Accounts and other payables	$	301,339	$	301,339	$	301,339	$	-
Loan payable	$	267,615	$	267,615	$	267,615	$	-
Convertible debenture	$	1,990,092	$	1,990,092	$	1,990,092	$	-
Government loan	$	60,000	$	60,000	$	-	$	60,000

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions. The interest rate risks on cash is not considered significant due to their short-term nature.

11. GOVERNMENT LOAN

Canada Emergency Business Account (CEBA) is intended to support businesses by providing financing for their expenses that cannot be avoided or deferred as they take steps to safely navigate a period of shutdown, thereby helping to position businesses for successful relaunch when the economy reopens during COVID-19 outbreak. This program provides interest-free loans of up to $60,000 to small businesses and not-for-profits. Repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of up to 33 percent (up to $20,000). The deadline to repay the loan was extended to January 18th, 2024 to the keep the forgivable portion.

The company did not repay the loan by January 18th, 2024. The loan is converted to a term loan with full principal repayment due on December 31, 2026. The Company is required to pay monthly 5% interest payments on the full outstanding balance of the loan. The previously recognized forgivable portion of $25,878 was recorded as an expense in they year ended December 31, 2023