



**ABASCA RESOURCES INC.
FINANCIAL STATEMENTS
THREE MONTHS ENDED
JULY 31, 2025 AND 2024**

(Expressed in Canadian Dollars)



NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

ABASCA RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at,

	July 31	April 30
	2025	2025
ASSETS		
Current		
Cash and cash equivalent	\$ 1,371,668	\$ 1,130,468
Amounts receivable and prepaid expenses	172,756	355,887
	1,544,424	1,486,355
Property and equipment (note 5)	16,356	22,867
TOTAL ASSETS	\$ 1,560,780	\$ 1,509,222
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 10)	\$ 815,440	\$ 610,949
	815,440	610,949
SHAREHOLDERS' EQUITY		
Share capital (note 7)	14,482,598	13,749,775
Reserves (notes 8 and 9)	3,262,258	3,263,379
Accumulated deficit	(16,999,516)	(16,114,881)
	745,340	898,273
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,560,780	\$ 1,509,222

Nature and continuance of operations (note 1)

Commitments and contingencies (note 11)

*Approved and authorized for issue on behalf
of the Board of Directors on September 17, 2025*

"Denis Arsenault"	Director
"Dawn Zhou"	Director

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

ABASCA RESOURCES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED JULY 31,
(Expressed in Canadian Dollars)

	2025	2024
EXPENSES		
Exploration expenses (note 6)	\$ 1,110,992	\$ 3,023,615
General administrative	2,821	2,087
Management fees and salaries	18,486	23,110
Professional fees	13,092	21,525
Transfer agent and regulatory	4,563	5,271
Loss before other income	1,149,954	3,075,608
Other income expense		
Interest income	(10,054)	(19,868)
Flow-through shares premium (notes 7 & 11)	-	(723,328)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 1,139,900	\$ 2,332,412
LOSS PER SHARE (basic and diluted)	\$ 0.01	\$ 0.04
Weighted average number of common shares outstanding basic and diluted	101,605,925	61,617,571

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

ABASCA RESOURCES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Amount \$	Stock Options \$	Warrants \$	Deficit \$	Total \$
Balance, April 30, 2025	97,869,512	13,749,775	1,398,300	1,865,079	(16,114,881)	898,273
Issuance of common shares	6,250,000	1,000,000	-	-	-	1,000,000
Issuance of warrants	-	(257,500)	-	257,500	-	-
Issue costs - cash	-	(9,677)	-	(3,356)	-	(13,033)
Expiry of warrants	-	-	-	(255,265)	255,265	-
Loss for the period	-	-	-	-	(1,139,900)	(1,139,900)
Balance, July 31, 2025	104,119,512	14,482,598	1,398,300	1,863,958	(16,999,516)	745,340
	Number of Shares	Amount \$	Stock Options \$	Warrants \$	Deficit \$	Total \$
Balance, April 30, 2024	53,137,369	8,832,378	1,177,365	985,052	(10,575,637)	419,158
Issuance of common shares	22,946,428	3,650,000	-	-	-	3,650,000
Issuance of warrants	-	(751,760)	-	751,760	-	-
Issue costs	-	(25,445)	-	(7,770)	-	(33,215)
Flow-through shares premium	-	(437,250)	-	-	-	(437,250)
Expiry of stock options	-	-	(193,865)	-	193,865	-
Loss for the period	-	-	-	-	(2,332,412)	(2,332,412)
Balance, July 31, 2024	76,083,797	11,267,923	983,500	1,729,042	(12,714,184)	1,266,281

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

ABASCA RESOURCES INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JULY 31,
(Expressed in Canadian Dollars)

	2025	2024
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Loss for the period	\$ (1,139,900)	\$ (2,332,412)
Items not affecting cash:		
Amortization	6,511	6,511
Flow-through shares premium	-	(723,328)
	(1,133,389)	(3,049,229)
Changes in non-cash working capital balances		
Accounts receivable and prepaid expenses	183,131	(28,433)
Accounts payable and accrued liabilities	204,491	1,881,609
Cash used in operating activities	(745,767)	(1,196,053)
FINANCING ACTIVITIES		
Shares issued for cash	1,000,000	3,650,000
Shares issuance costs	(13,033)	(33,215)
Cash provided by financing activities	986,967	3,616,785
CHANGE IN CASH DURING THE PERIOD	241,200	2,420,732
CASH, BEGINNING OF THE PERIOD	1,130,468	705,619
CASH, END OF THE PERIOD	\$ 1,371,668	\$ 3,126,351
SUPPLEMENTAL INFORMATION		
Warrants issued	257,500	751,760
Interest received	10,054	19,868

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

ABASCA RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
JULY 31, 2025 AND 2024
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Abasca Resources Inc. (“Abasca” or the “Company”) was formed by way of an amalgamation on January 31, 2019 under the *Business Corporation Act* (British Columbia). The Company is an exploration stage company focused on the acquisition, exploration and development of mineral property interests in Saskatchewan, Canada. The address of the Company’s corporate office and its principal place of business is suite 208, 4th Avenue North, Saskatoon, Saskatchewan. The Company’s common shares are traded on the TSX Venture Exchange under the symbol ABA.

These condensed interim financial statements were approved by the Board of Directors on September 17, 2025.

Although the Company has taken steps to verify title to its exploration and evaluation properties in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory and, environmental 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 July 31, 2025, the Company has a cumulative deficit of \$16,999,516 (April 30, 2025 - \$16,114,881), continuing losses 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.

These condensed interim financial statements were prepared on a going-concern basis in accordance with International Financial Reporting Standards (“IFRS”). Funding for operations has been obtained primarily through private share offerings. Future operations are dependent upon the Company's ability to finance expenditure requirements and upon the achievement of profitable operations. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations; however, there is no assurance that these funds will be available on terms acceptable to the Company or at all.

These condensed interim financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance

These interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial Reporting (“IAS34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended April 30, 2025.

Functional and presentation currency

These financial statements are presented in Canadian dollars, the functional and presentation currency of the Company. The functional currency is the currency of the primary economic environment in which an entity operates.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks, on hand and short-term money market investments with original maturities of 90 days or less which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and are available on demand by the Company. As at July 31, 2025 and April 30, 2025, the Company had no cash equivalents.

Flow-through shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. When the common shares are offered, the difference ("premium") between the amount recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liability which is reversed into the statement of comprehensive loss when the eligible expenditures are incurred. The amount recognized as a flow-through share related liability represents the difference between the fair value of the common shares and the amount the investor pays for the flow-through shares. The Company indemnifies the subscribers of flow-through shares for additional taxes payable by the subscribers if the Company does not meet its expenditure requirements.

Exploration and evaluation properties

The acquisition costs of exploration and evaluation properties are expensed in the statements of loss in the year incurred, as permitted under IFRS 6, *Exploration for and Evaluation of Mineral Resources*.

The acquisition costs of exploration and evaluation properties include the cash consideration and the estimated fair market value of share-based payments issued for such property interests.

Exploration costs are expensed in the period incurred. Option payments which are solely at the Company's discretion are recorded as acquisition costs as they are made. Administrative expenditures are expensed in the period incurred.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where equipment consists of major components with different useful lives, the components are accounted for as separate items. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

ABASCA RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
JULY 31, 2025 AND 2024
(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES (Continued)

Depreciation is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Rate	Method
Exploration equipment	3 years	Straight-line

3. MANAGEMENT OF CAPITAL

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company manages its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to consist of equity, comprising share capital, contributed surplus, reserves and deficit which at July 31, 2025 totalled \$745,340 (April 30, 2025 - \$898,273). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on its exploration and development activities. Selected information is regularly provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the period ended July 31, 2025.

The Company is not subject to any capital requirements imposed by a regulator or lending institution other than of the TSX Venture Exchange ("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 a period of 6 months. As of July 31, 2025, the Company believes it is compliant with the policies of the TSXV.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair Value of Financial Instruments

The Company's financial assets include cash and accounts payable and accrued liabilities, all of which are measured at amortized cost.

The carrying value of cash, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (Continued)

Financial risk management objectives and policies

The Company's financial instruments include cash, amounts receivable, and accounts payable. The risks associated with these financial instruments 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.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is not significant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is exposed to liquidity risk through its accounts payable and accrued liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common shares as required. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2025, the Company had a cash balance of \$1,371,668 (April 30, 2025 - \$1,130,468) to settle accounts payable and accrued liabilities of \$815,440 (April 30, 2025 - \$610,949). All of the Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

ABASCA RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
JULY 31, 2025 AND 2024
(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

	Exploration equipment
Cost	
Balance April 30, 2024 and 2025	78,125
Addition	-
Balance July 31, 2025	78,125
Accumulated Depreciation	
Balance April 30, 2024	(29,214)
Addition	(6,511)
Balance July 31, 2024	(35,725)
Balance April 30, 2025	(55,258)
Addition	(6,511)
Balance July 31, 2025	(61,769)
Net book value, July 31, 2024	42,400
Net book value, July 31, 2025	16,356

6. EXPLORATION AND EVALUATION PROPERTIES

Key Lake South (“KLS”) Project

The Company owns a 100% interest in the Key Lake South Project. The following table sets out the exploration expenses for the periods ended July 31, 2025 and 2024 at KLS:

	2025	2024
Drilling	794,748	3,017,104
Environmental studies	291,104	-
Mineral resource estimate	12,329	-
Metallurgy	6,300	-
Amortization	6,511	6,511
Total	1,110,992	3,023,615

7. SHARE CAPITAL

- a) Authorized: Unlimited number of common shares without par value.
- b) Rights in shares: 1 vote per common share
- c) Escrow shares:

As at July 31, 2025, there were 5,015,970 (April 30, 2025 – 10,031,938) common shares held in escrow which will be released on January 9, 2026.

ABASCA RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
JULY 31, 2025 AND 2024
(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

d) Issued and outstanding :

	Number	Amount \$
Balance - April 30, 2024	53,137,369	8,832,378
Issuance of common shares ⁽ⁱ⁾	22,946,428	3,650,000
Issuance of warrants ⁽ⁱ⁾	-	(743,990)
Share issuance costs - cash ⁽ⁱ⁾	-	(33,215)
Flow-through shares premium	-	(437,250)
Balance – July 31, 2024	76,083,797	11,267,923
Balance - April 30, 2025	97,869,512	13,749,775
Issuance of common shares ⁽ⁱⁱⁱ⁾	6,250,000	1,000,000
Issuance of warrants ⁽ⁱⁱⁱ⁾	-	(254,144)
Share issuance costs - cash ⁽ⁱⁱⁱ⁾	-	(13,033)
Balance – July 31, 2025	104,119,512	14,482,598

⁽ⁱ⁾ On June 27, 2024, the Company completed a non-brokered private placement and issued 1,071,428 units at a price of \$0.14 per unit and 21,875,000 flow-through units at a price of \$0.16 per unit for aggregate gross proceeds of \$3,650,000.

Each unit and flow-through unit were comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one additional common share at a price of \$0.20 for a period of 24 months expiring June 27, 2026. The fair value of the warrants was estimated at \$751,760 using the Black-Scholes option model pricing with the following assumptions: expected dividend yield of 0%, expected volatility of 146%, risk-free interest rate of 4.02%, expected life of 2 years and share price of \$0.11. Issue costs of \$7,770 were allocated to the warrants. The volatility was determined based on the Company's peer group. An amount of \$437,250 was allocated to flow-through shares premium.

A corporation controlled by a director of the Company subscribed for 15,168,750 flow-through units and an officer of the Company subscribed for 312,500 flow-through units for aggregate gross proceeds of \$2,477,000.

⁽ⁱⁱⁱ⁾ On June 6, 2025, the Company completed a non-brokered flow-through private placement and issued 6,250,000 units at price of \$0.16 per unit for gross proceeds of \$1,000,000.

Each flow-through unit was comprised of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant is exercisable to acquire one additional common share at a price of \$0.20 for a period of 24 months expiring June 6, 2027. The fair value of the warrants was estimated at \$257,500 using the Black-Scholes option model pricing with the following assumptions: expected dividend yield of 0%, expected volatility of 153% (based on the Company's historical volatility), risk-free interest rate of 2.69%, expected life of 2 years and share price of \$0.155. Issue costs of \$3,356 were allocated to the warrants. \$nil was allocated to the flow-through premium.

Three corporations controlled by a director of the Company subscribed for 6,150,000 flow-through units for aggregate gross proceeds of \$984,000.

ABASCA RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
JULY 31, 2025 AND 2024
(Expressed in Canadian Dollars)

8. STOCK OPTIONS

The Company has a Stock Option Plan (the “Plan”) for directors, officers and employees, consultants of the Company. The maximum number of common shares that is issuable under the Plan is fixed at 10% of the number of common shares issued and outstanding. Options expire after a maximum period of ten years following the date of grant. Vesting provisions are determined at the time of each grant.

The following summarizes the stock option activity for the periods ended July 31, 2025 and 2024:

	Number of Stock Options	Weighted Average Exercise Price \$
Balance – April 30, 2024	4,180,000	0.43
Expired	(680,000)	0.10
Balance July 31, 2024	3,500,000	0.50
Balance – April 30, 2025 and July 31, 2025	6,550,000	0.34

At July 31, 2025, the following stock options were outstanding and exercisable:

Date of Grant	Options Outstanding⁽¹⁾	Exercise Price (\$)	Grant Date Fair Value (\$)	Expiry Date	Weighted Average Remaining Contractual Life (years)
February 3, 2023	3,500,000	0.50	983,500	February 3, 2028	2.51
December 27, 2024	3,050,000	0.15	414,800	December 27, 2029	4.41
	6,550,000	0.34	1,398,300		3.40

⁽¹⁾ All options are exercisable

9. WARRANTS

The following summarizes the warrants and finders’ warrants activity for the periods ended July 31, 2025 and 2024:

	Number of Warrants	Grant Date Fair Value	Weighted Average Exercise Price
Balance – April 30, 2024	7,569,104	\$ 985,052	\$ 0.50
Issued in a private placement (note 7)	11,473,216	743,990	0.20
Balance – July 31, 2024	19,042,320	\$ 1,729,042	\$ 0.32
Balance – April 30, 2025	26,316,074	\$ 1,865,079	\$ 0.22
Expired	(3,500,000)	(255,265)	0.39
Issued in private placement (note 7)	3,125,000	254,144	0.20
Balance – July 31, 2025	25,941,074	\$ 1,863,958	\$ 0.20

ABASCA RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
JULY 31, 2025 AND 2024
(Expressed in Canadian Dollars)

9. WARRANTS (Continued)

As at July 31, 2025, the Company had warrants and finders' warrants outstanding as follows:

Date of Issue	Number of Warrants	Exercise Price (\$)	Fair Value (\$)	Expiry Date	Remaining Contractual Life (years)
June 27, 2024	11,473,216	0.20	743,990	June 27, 2026	0.91
December 20, 2024	10,450,000	0.20	806,075	December 20, 2026	1.39
April 30, 2025	892,858	0.20	59,749	April 30, 2027	1.75
June 6, 2025	3,125,000	0.20	254,144	June 6, 2027	1.85
	25,941,074	0.20	1,863,958		1.24

10. RELATED PARTY TRANSACTIONS

a) *Remuneration of directors and officers was as follows:*

For the three months ended July 31,	2025	2024
Fees, salaries and benefits	\$ 64,375	\$ 63,859
Share-based payments	-	-
	\$ 64,375	\$ 63,859

For the three month period ended July 31, 2025, the salaries and benefits amount above includes \$15,000 (2024 - \$\$19,609) for fees invoiced by a corporation controlled by the CFO of the Company for his services. Included in accounts payable and accrued liabilities at July 31, 2025 is \$1,000 (2024- \$1,000) to directors and \$nil (2024 - \$8,934) owed to the CFO. The amounts payable are unsecured, non-interest bearing and are due on demand.

b) *Private Placement*

As part of the flow-through private placement completed on June 6, 2025, three corporations controlled by a director of the Company subscribed for 6,150,000 flow-through units for aggregate gross proceeds of \$984,000.

c) *Professional Fees*

The following table provides details of expenses included in professional fees for the three months ended July 31, 2025 and 2024.

	2025	2024
	\$	\$
Legal fees	3,578	11,969

Legal expenses were incurred with a law firm in which a director is a partner.

ABASCA RESOURCES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
JULY 31, 2025 AND 2024
(Expressed in Canadian Dollars)

11. COMMITMENTS AND CONTINGENCIES

Flow-through obligation

As at July 31, 2025, the Company is required to incur \$539,103 (April 30, 2025 - \$643,584) in qualifying exploration expenditures by December 31, 2025 to meet its flow-through commitments. The following table is a continuity of the flow-through share funding and expenditures along with the corresponding impact on the flow-through share premium liability.

	Flow-through funding and expenditure requirements	Flow-through premium liability
	\$	\$
Balance, April 30, 2024	700,938	434,000
Flow-through funds raised and premium recorded as a liability	3,500,000	437,250
Flow-through expenditures incurred and reduction of liability	(3,017,055)	(723,328)
Balance, July 31, 2024	1,183,883	147,922
Balance April 30, 2025	643,584	-
Flow-through funds raised and premium recorded as a liability	1,000,000	-
Flow-through expenditures incurred and reduction of liability	(1,104,481)	-
Balance, July 31, 2025	539,103	-

The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through investors. The Company will indemnify the investors for any related tax amounts that become payable by the investors should the Company fail to meet its expenditure commitments.

Management contracts

The Company entered into agreements for the services of its key executives. Under the agreements, additional payments totaling \$235,000 are to be made upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in the financial statements. The commitment upon termination of the agreement is \$15,000. The minimum commitment due within one year under the terms of the agreements is \$235,000.

Environmental

The Company's mining and exploration 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 believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

END OF NOTES TO FINANCIAL STATEMENTS