Condensed Interim Financial Statements
(Expressed in Canadian dollars)

# VENDETTA MINING CORP.

Nine months ended February 28, 2025 and February 29, 2024

(Unaudited – prepared by management)

# NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

# VENDETTA MINING CORP.

Condensed Interim Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

| As at | | February 28, 2025 | | May 31, 2024 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets: | | | | |
| Cash | $ | 209,759 | $ | 18,314 |
| Receivables | | 23,662 | | 22,142 |
| Prepaid expenses and advances (Note 4) | | 13,452 | | 10,177 |
| | | 246,873 | | 50,633 |
| Equipment and right-of-use asset (Note 5) | | 6,269 | | 33,269 |
| Exploration and evaluation assets (Note 6) | | 6,011,183 | | 6,011,183 |
| | **$** | **6,264,325** | **$** | **6,095,085** |
| **Liabilities and Shareholders' Equity** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities (Note 11) | $ | 1,083,794 | $ | 827,085 |
| Lease liabilities (Note 7) | | 18,482 | | 54,966 |
| Loan payable (Notes 8 and 11) | | 31,512 | | - |
| | | 1,133,788 | | 882,051 |
| Shareholders' equity: | | | | |
| Share capital (Note 9) | | 27,941,419 | | 27,563,111 |
| Subscriptions received in advance | | 6,000 | | 6,000 |
| Reserves (Note 9) | | 1,606,242 | | 1,606,242 |
| Deficit | | (24,423,124) | | (23,962,319) |
| | | 5,130,537 | | 5,213,034 |
| | **$** | **6,264,325** | **$** | **6,095,085** |

Nature of operations and going concern (Note 1)

Approved on behalf of the Board:

**"Michael J. Williams"** Director

**"Peter Voulgaris"** Director

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

# VENDETTA MINING CORP.

Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

| | Three months ended Feb 28, 2025 | Three months ended Feb 29, 2024 | Nine months ended Feb 28, 2025 | Nine months ended Feb 29, 2024 |
|---|---|---|---|---|
| Expenses: | | | | |
| Accounting and legal (Note 11) | $ 19,803 | $ 36,390 | $ 57,527 | $ 76,677 |
| Amortization (Note 5) | 9,000 | 9,012 | 27,000 | 27,036 |
| Bank charges and interest | 1,768 | - | 5,205 | - |
| Business development | - | 482 | 300 | 5,832 |
| Exploration expenditures (Note 6 and 11) | 58,168 | 54,865 | 182,213 | 186,586 |
| Filing and transfer agent fees | 4,629 | 8,877 | 22,629 | 13,239 |
| Financing costs | - | 1,129 | - | 4,017 |
| Foreign exchange recovery | (5,436) | (214) | (7,408) | (1,100) |
| Insurance | 4,486 | 5,004 | 13,457 | 15,011 |
| Investor relations | 232 | 10,651 | 9,143 | 35,545 |
| Management fees (Note 11) | 39,750 | 39,750 | 119,250 | 119,250 |
| Office and administration (Note 11) | 8,535 | 8,853 | 26,085 | 32,714 |
| Travel and meals | - | 346 | 960 | 4,008 |
| | (140,935) | (175,145) | (456,361) | (518,815) |
| Lease accretion (Note 7) | (455) | (1,318) | (2,932) | (4,261) |
| Interest expense (Note 8) | (742) | - | (1,512) | - |
| Loss and comprehensive loss for the period | $ (142,132) | $ (176,463) | $ (460,805) | $ (523,076) |
| Loss per share – basic and diluted | $ (0.00) | $ (0.00) | $ (0.00) | $ (0.00) |
| Weighted average number of shares outstanding | 362,689,057 | 323,189,057 | 340,841,072 | 323,189,057 |

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

# VENDETTA MINING CORP.

Condensed Interim Statements of Changes in Shareholders' Equity
(Unaudited - expressed in Canadian dollars)

| | Share Capital | | | | | Reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | | Amount | | Subscriptions received in advance | | Share option reserves | | Warrant and other reserves | | Deficit | | Total Equity |
| May 31, 2023 | 323,189,057 | $ | 27,563,111 | $ | 6,000 | $ | 1,383,296 | $ | 222,946 | $ | (23,296,126) | $ | 5,879,227 |
| Loss for the period | - | | - | | - | | - | | - | | (523,076) | | (523,076) |
| February 29, 2024 | 323,189,057 | | 27,563,111 | | 6,000 | | 1,383,296 | | 222,946 | | (23,819,202) | | 5,356,151 |
| Loss for the period | - | | - | | - | | - | | - | | (143,117) | | (143,117) |
| May 31, 2024 | 323,189,057 | | 27,563,111 | | 6,000 | | 1,383,296 | | 222,946 | | (23,962,319) | | 5,213,034 |
| Private Placement | 39,500,000 | | 395,000 | | - | | - | | - | | - | | 395,000 |
| Share issuance costs | - | | (16,692) | | - | | - | | - | | - | | (16,692) |
| Loss for the period | - | | - | | - | | - | | - | | (460,805) | | (460,805) |
| February 28, 2025 | 362,689,057 | $ | 27,941,419 | $ | 6,000 | $ | 1,383,296 | $ | 222,946 | $ | (24,423,124) | $ | 5,130,537 |

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

# VENDETTA MINING CORP.

Condensed Interim Statements of Cash Flows
(Unaudited - expressed in Canadian dollars)

| **For the period ended** | | **February 28, 2025** | | **February 29, 2024** |
|---|---|---|---|---|
| Cash flows from operating activities: | | | | |
| Loss for the period | $ | (460,805) | $ | (523,076) |
| Items not affected by cash: | | | | |
| Amortization | | 27,000 | | 27,036 |
| Lease accretion | | 2,932 | | 4,261 |
| Accrued interest on loan | | 1,512 | | - |
| Changes in non-cash working capital items: | | | | |
| Receivables | | (1,520) | | (2,879) |
| Prepaid expenses and advances | | (3,275) | | 16,475 |
| Accounts payable and accrued liabilities | | 256,709 | | 228,782 |
| **Cash used in operating activities** | | (177,447) | | (249,401) |
| Cash flows from financing activities | | | | |
| Proceeds from share issuances | | 395,000 | | - |
| Share issuance costs | | (16,692) | | - |
| Lease payments | | (39,416) | | (19,708) |
| Loan proceeds received | | 30,000 | | - |
| **Cash provided by (used in) financing activities** | | 368,892 | | (19,708) |
| Change in cash | | 191,445 | | (269,109) |
| Cash, beginning of the period | | 18,314 | | 285,607 |
| **Cash, end of the period** | $ | 209,759 | $ | 16,498 |

There was no cash paid for income taxes or interest for the periods presented.

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

## 1. Nature of operations and going concern:

Vendetta Mining Corp. ("the Company" or "Vendetta") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on December 14, 2009. The Company is in the business of exploration and evaluation of mineral resources in Australia. Its common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol VTT. The Company's registered address is Suite 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

The Company is an exploration stage company and engages principally in the acquisition and exploration of resource properties. The recoverability of the amounts shown for exploration and evaluation assets is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, entering into agreements with others to explore and develop the resource properties, and upon future profitable production or proceeds from disposition of the resource properties. The amounts shown as exploration and evaluation assets represent net costs incurred to date, less amounts recovered from third parties and/or written-off, and do not necessarily represent present or future values.

These Condensed Interim Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business.

The Company has a history of losses with no operating revenue, other than interest income, working capital deficiency of $886,915, and has an accumulated deficit of $24,423,124. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and evaluation activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business. The Company estimates that it does not have sufficient funding for the ensuing 12 months of operations. These events and conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern.

These Condensed Interim Financial Statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

**2. Material accounting policies:**

(a) Basis of presentation:

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied are the same as those applied in the Company's annual financial statements for the year ended May 31, 2024.

Unless otherwise stated, amounts are expressed in Canadian dollars.

These condensed interim financial statements were authorized for issuance by the Board of Directors on April 23, 2025.

(b) Foreign currency transactions:

The presentation currency and functional currency of the Company is the Canadian dollar. Transactions of the Company denominated in other currencies are translated into the relevant functional currency using the exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each balance sheet date to reflect exchange rates prevailing at that date and the related foreign exchange gains or losses are recognized in profit or loss.

(c) New standards not yet adopted:

*IFRS 18 - Presentation and Disclosure in Financial Statements*

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. The Company is in the process of assessing the impact on the financial statements of the new standard.

**3. Use of estimates and judgments:**

The preparation of the financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Critical accounting estimates*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(Unaudited - expressed in Canadian dollars)

**3. Use of estimates and judgments (continued):**

*Critical accounting judgments*

Examples of significant judgments, apart from those involving estimation, include:

Exploration and evaluation assets

The recognition of exploration and evaluation assets requires judgments regarding future recoverability and carrying cost. The cost model is utilized and the value of the exploration and evaluation assets is based on the acquisition expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

Functional currency

The Company applied judgment in determining its functional currency. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

**4. Prepaid expenses and advances:**

Included in prepaid expenses and advances are:

| | | February 28, 2025 | | May 31, 2024 |
|---|---|---|---|---|
| Prepaid expenses | $ | 13,452 | $ | 8,964 |
| Exploration advances | | - | | 1,213 |
| | **$** | **13,452** | **$** | **10,177** |

**5. Equipment and right-of-use asset:**

| | | Office Equipment | | Right-of-Use Asset | | Total |
|---|---|---|---|---|---|---|
| **Cost:** | | | | | | |
| May 31, 2023, 2024 and February 28, 2025 | $ | 4,953 | $ | 71,775 | $ | 76,728 |
| **Accumulated amortization:** | | | | | | |
| May 31, 2023 | | 4,420 | | 2,991 | | 7,411 |
| Amortization | | 160 | | 35,888 | | 36,048 |
| May 31, 2024 | | 4,580 | | 38,879 | | 43,459 |
| Amortization | | 84 | | 26,916 | | 27,000 |
| February 28, 2025 | | 4,664 | | 65,795 | | 70,459 |
| **Net book value:** | | | | | | |
| May 31, 2024 | $ | 373 | $ | 32,896 | $ | 33,269 |
| February 28, 2025 | $ | 289 | $ | 5,980 | $ | 6,269 |

(Unaudited - expressed in Canadian dollars)

**6. Exploration and evaluation assets:**

The Company's resource property with associated acquisition-related costs that has been capitalized and reflected on the statement of financial position is as follows:

| | Pegmont Queensland, Australia |
|---|---|
| Balance, May 31, 2023, May 31, 2024, and February 28, 2025 | $ 6,011,183 |

*Pegmont Property, Queensland, Australia*

As at May 31, 2019, the Company has earned a 100% interest in the Pegmont Property having paid option payments of AUD$2,250,000 (CAD$2,208,980), met expenditure requirements of $2,400,000, and drilled 17,000m to earn its interest. In connection with the Company exercising the option and as part of the final transfer of project titles, the Company also paid an advance royalty to Pegmont of AUD$3 million (CAD$2,824,200) and extension fees totaling AUD$450,000 (CAD$425,545) during the year ended May 31, 2019 to fully satisfy remaining requirements and complete its 100% acquisition of the Pegmont property. The Company received a royalty credit of the cash option payments of AUD$2.25 million and advanced royalty of AUD$3 million for a total of AUD$5.25 million, to be credited against future royalty payments.

The property is subject to a 1.25% net smelter return royalty ("NSR"), subject to the credit of AUD$5.0 million in favour of the Company. In the case where ore is sold rather than concentrate, a separate royalty formula allows for a royalty of AUD$1.05 per tonne of ore sold, indexed to lead prices and to be conveyed to the vendor, again subject to the AUD$5.0 million credit. Where ore that is sold contains silver at concentrations above 64 ppm, an additional royalty amount is payable, starting at AUD$0.06 per gram, indexed to the price of silver.

*Killer Bore Property, Queensland, Australia*

During the year ended May 31, 2022, the Company entered into an option agreement to acquire 100% of the Killer Bore exploration concession in Australia, located near its Pegmont Property. Pursuant to the terms of the agreement, the Company may acquire a 100% interest in the property by making the following minimum work commitments:

a) $102,000 on exploration expenditures prior to the end of the 2$^{nd}$ anniversary (incurred during the year ended May 31, 2023); and

b) $398,000 on exploration expenditure between the start of the 3rd anniversary and prior to the end of the 5th Anniversary;

The Company shall grant the optionor a 2% NSR over the property. During the year ended May 31, 2024, the option agreement was terminated.

(Unaudited - expressed in Canadian dollars)

**6. Exploration and evaluation assets (continued):**

Exploration expenditures for the nine months ended February 28, 2025 are as follows:

| | | Pegmont |
|---|---|---|
| Geological consulting | $ | 135,000 |
| Permitting | | 41,564 |
| Project management | | 5,649 |
| Total for the period | $ | 182,213 |

Exploration expenditures for the nine months ended February 29, 2024 are as follows:

| | | Pegmont | | Killer Bore | | Total |
|---|---|---|---|---|---|---|
| Analysis | $ | 897 | $ | - | $ | 897 |
| Geological consulting | | 127,500 | | 7,500 | | 135,000 |
| Permitting | | 47,484 | | - | | 47,484 |
| Project management | | 3,205 | | - | | 3,205 |
| Total for the period | $ | 179,086 | $ | 7,500 | $ | 186,586 |

**7. Lease liabilities:**

During the year ended May 31, 2023, the Company entered into an office lease with a related party (Note 11) with a term of 24-months from May 1, 2023 and expected total payments of $82,560. Using an annual discount rate of 10%, the Company recognized a lease liability and corresponding right-of-use asset (Note 5) of $71,775. The following is a reconciliation of the changes in lease liabilities for the period ended February 28, 2025:

| | | February 28, 2025 | | May 31, 2024 |
|---|---|---|---|---|
| Opening balance | $ | 54,966 | $ | 69,061 |
| Lease accretion | | 2,932 | | 5,613 |
| Payments | | (39,416) | | (19,708) |
| Lease liabilities | | 18,482 | | 54,966 |
| Lease liabilities, current portion | | (18,482) | | (54,966) |
| Lease liabilities | $ | - | $ | - |

The following summarizes the undiscounted minimum lease payments under lease liabilities:

| Fiscal Year | | Payment |
|---|---|---|
| 2025 | $ | 16,424 |
| Amount representing future lease accretion | | 2,058 |
| Lease liabilities | $ | 18,482 |

(Unaudited - expressed in Canadian dollars)

## 8. Loans payable

*Promissory notes*

During the period ended February 28, 2025, the Company issued a promissory note to a company controlled by President and CEO in the amount of $30,000. The loan is repayable in 3 months and accrues interest at 10% per annum until repayment in full.

A reconciliation of loans payable for the period ended February 28, 2025 is as follows:

| | | **February 28, 2025** |
|---|---|---|
| Opening Balance | $ | - |
| Addition | | 30,000 |
| Interest accrued | | 1,512 |
| Repayments | | - |
| Balance, end of period | $ | 31,512 |

## 9. Share capital:

(a) Authorized:

Unlimited common shares without par value.

(b) Share issuances:

During the period ended February 28, 2025, the Company closed a non-brokered private placement by issuing 39,500,000 units at a price of $0.01 for gross proceeds of $395,000. Each unit consists of one common share and one common share purchase warrant exercisable for a period of 36 months at a price of $0.05 per common share. In connection with the offering, the Company paid finders' fees of $1,750.

The Company did not issue shares during the year ended May 31, 2024.

(c) Warrants:

Details of activity in warrants for the period ended February 28, 2025 and May 31, 2024 are as follows:

| Number outstanding May 31, 2024 | Granted | Exercised | Expired/ Cancelled | Number outstanding February 28, 2025 | Exercise price per share | Expiry date |
|---|---|---|---|---|---|---|
| 5,307,500 | - | - | 5,307,500 | - | 0.07 | Aug 26, 2024 |
| 3,975,220 | - | - | 3,975,220 | - | 0.07 | Oct 22, 2024 |
| 9,349,987 | - | - | 9,349,987 | - | 0.06 | Feb 14, 2025 |
| - | 39,500,000 | - | - | 39,500,000 | 0.05 | Oct 28, 2027 |
| 18,632,707 | 39,500,000 | - | 18,632,707 | 39,500,000 | (weighted average exercise price) | |
| $ 0.06 | $ 0.05 | $ 0.00 | $ 0.07 | $ 0.05 | | |

(Unaudited - expressed in Canadian dollars)

**9. Share capital (continued):**

(c) Warrants (continued):

| Number outstanding May 31, 2023 | Granted | Exercised | Expired/ Cancelled | Number outstanding May 31, 2024 | Exercise price per share | Expiry date |
|---|---|---|---|---|---|---|
| 6,201,138 | - | - | 6,201,138 | - | 0.06 | Jun 30, 2023 |
| 4,791,668 | - | - | 4,791,668 | - | 0.09 | Nov 16, 2023 |
| 2,750,104 | - | - | 2,750,104 | - | 0.09 | Dec 14, 2023 |
| 5,216,667 | - | - | 5,216,667 | - | 0.09 | Feb 23, 2024 |
| 5,307,500 | - | - | - | 5,307,500 | 0.07 | Aug 26, 2024 |
| 3,975,220 | - | - | - | 3,975,220 | 0.07 | Oct 22, 2024 |
| 9,349,987 | - | - | - | 9,349,987 | 0.06 | Feb 14, 2025 |
| 37,592,284 | - | - | 18,959,577 | 18,632,707 | (weighted average exercise price) | |
| $ 0.09 | $ 0.00 | $ 0.00 | $ 0.08 | $ 0.06 | | |

(d) Stock options:

The Company has a stock option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's stock calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's stock option plan contains no vesting requirements but permits the board of directors to specify a vesting schedule in its discretion. There was no stock option activity during the periods ended February 28, 2025 and 2024.

**10. Segmented information:**

The Company's business consists of one reportable segment being resource exploration. Details about geographic areas as at February 28, 2025 and 2024 are as follows:

| Non-current assets | February 28, 2025 | May 31, 2024 |
|---|---|---|
| Australia | $ 6,011,183 | $ 6,011,183 |
| Total | $ 6,011,183 | $ 6,011,183 |

(Unaudited - expressed in Canadian dollars)

**11. Related party transactions:**

Key management personnel consist of directors and senior management including the President and Chief Executive Officer, Chief Financial Officer, and Corporate Secretary.

The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

| | Nine months ended February 28, 2025 | Nine months ended February 29, 2024 |
|---|---|---|
| Management fees, consulting fees, and accounting fees to key management personnel or companies controlled by key management personnel | $ 177,750 | $ 177,750 |
| Geological consulting fees to a company controlled by a director | 135,000 | 135,000 |
| | $ 312,750 | $ 312,750 |

During the year ended May 31, 2024, the Company entered into a lease agreement with a company with an office and director in common (Note 7). During the period ended February 28, 2025, the Company made payments of $39,416 towards the lease.

As at February 28, 2025, included in accounts payable and accrued liabilities is $992,740 (May 31, 2024 - $723,064) due to directors, management, or companies controlled by them and former related parties. Amounts due to related parties are unsecured, have no fixed terms of repayment, and are non-interest bearing. As at February 28, 2025, $31,512 (May 31, 2024 - $nil) is owed to a Director of the Company pursuant to a promissory note issued (Note 8).

**12. Financial instruments:**

The carrying values of cash, receivables, accounts payable and accrued liabilities, and lease liabilities approximate their fair values due to their short terms to maturity.

(a) Financial risk factors:

*Credit risk*

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its cash and receivables. The carrying value of this instrument represents the Company's maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper. Receivables are primarily due from a government agency.

*Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 12(b) of these financial statements. The Company is exposed to liquidity risk.

**12. Financial instruments (continued):**

(a) Financial risk factors (continued):

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Company does not have any significant interest-bearing financial assets.

*Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company's functional and presentation currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of shareholders' equity. The Company's main risks are associated with fluctuations in the Australian dollar due to transactions related to the Pegmont project.

Foreign assets and liabilities are translated based on the foreign currency translation method described in Note 2(b). A 10% change in the foreign exchange rate between the Canadian and U.S. and Australian dollar would result in a fluctuation of approximately $3,879 in the net loss realized for the period. The Company does not enter into any foreign exchange hedging contracts.

(b) Capital management:

The Company's objectives of capital management are intended to safeguard the Company's ability to support the Company's exploration and evaluation of its resource properties and support any expansion plans. The capital of the Company consists of the items included in shareholders' equity.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its financial objectives. The Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.