

AMERICAN COPPER DEVELOPMENT CORPORATION
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025

(Expressed in Canadian Dollars)

NOTICE TO READER

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

The condensed interim consolidated financial statements of the Company for the quarter ending June 30, 2025, have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

AMERICAN COPPER DEVELOPMENT CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

	June 30, 2025	December 31, 2024
ASSETS		
Current		
Cash	\$ 29,821	\$ 100,428
Prepays (Note 4)	18,777	1,756
Receivables (Note 6)	3,103	18,211
	<u>51,701</u>	<u>120,395</u>
Reclamation bond (Note 5)	103,839	103,839
Exploration and evaluation assets (Note 3)	<u>1</u>	<u>1</u>
	<u>\$ 155,541</u>	<u>\$ 224,235</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities

Accounts payable and accrued liabilities (Note 3, 7 and 8)	\$ 603,799	\$ 555,876
	<u>603,799</u>	<u>555,876</u>

Shareholders' equity

Share capital (Note 9)	19,515,324	19,515,324
Contributed surplus (Note 9)	683,273	683,273
Deficit	(20,646,855)	(20,530,238)
	<u>(448,258)</u>	<u>(331,641)</u>

	<u>\$ 155,541</u>	<u>\$ 224,235</u>
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Nature and Continuance of Operations (Note 1)

Subsequent event (Note 13)

On behalf of the Board:

“Daniel Schieber”

Director

“Stuart Ross”

Director

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

AMERICAN COPPER DEVELOPMENT CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
EXPENSES				
Consulting fees	\$ 21,000	\$ 81,078	\$ 24,067	\$ 162,660
Investor relations	333	1,386	718	12,058
Office	2,840	10,697	7,319	20,262
Professional fees	10,155	27,478	31,406	36,477
Rent	-	6,000	2,000	12,000
Regulatory and transfer agent	10,911	16,768	25,615	24,890
	(45,249)	(143,407)	(91,125)	(268,347)
Foreign exchange	1,049	(489)	184	(3,286)
Other income	-	-	2,498	(3,286)
Impairment of exploration and evaluation assets (Note 3)	(14,962)	-	(28,478)	-
Interest income	44	7,579	304	19,968
Loss and comprehensive loss for the period	(59,108)	(136,317)	(116,617)	(251,665)
Loss per common share				
-Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding				
-Basic and diluted	18,580,452	18,455,406	18,580,452	18,343,856

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

AMERICAN COPPER DEVELOPMENT CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
CASH FLOWS TO OPERATING ACTIVITIES		
Loss for the period	\$ (116,617)	\$ (251,665)
Items not involving cash:		
Impairment of exploration and evaluation assets	28,478	-
Changes in non-cash working capital items:		
Decrease (Increase) in accounts receivable	15,108	34,377
Decrease (Increase) in prepaids	(17,021)	19,910
Increase (Decrease) in accounts payable and accrued liabilities	36,618	(32,963)
Net cash used in operating activities	<u>(53,434)</u>	<u>(230,341)</u>
CASH FLOWS TO INVESTING ACTIVITY		
Exploration and evaluation assets	<u>(17,173)</u>	<u>(722,706)</u>
Net cash used in investing activity	<u>(17,173)</u>	<u>(722,706)</u>
Net decrease in cash during the period	(70,607)	(953,047)
Cash, beginning of the period	<u>100,428</u>	<u>1,523,045</u>
Cash, end of the period	<u>\$ 29,821</u>	<u>\$ 569,998</u>

Supplemental disclosure with respect to cash flows (Note 10)

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

AMERICAN COPPER DEVELOPMENT CORPORATION
CONSOLIDATION STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Share Capital		Contributed Surplus	Deficit	Total
	Number of shares	Amount			
Balance, December 31, 2023	18,217,486	\$ 19,394,861	\$ 683,273	\$ (2,960,632)	\$ 17,117,502
Property acquisition costs (Note 3 and 9)	362,966	120,463	-	-	120,463
Loss for the period	-	-	-	(251,665)	(251,665)
Balance, June 30, 2024	18,580,452	\$ 19,515,324	\$ 683,273	\$ (3,212,297)	\$ (16,986,300)
Loss for the period	-	-	-	(17,317,941)	(17,317,941)
Balance, December 31, 2024	18,580,452	\$ 19,515,324	\$ 683,273	\$ (20,530,238)	\$ (331,641)
Return to treasury (Note 1 and 9)	(3)	-	-	-	-
Loss for the period	-	-	-	(116,617)	(116,617)
Balance, June 30, 2025	18,580,449	\$ 19,515,324	\$ 683,273	\$ (20,646,855)	\$ (448,258)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

American Copper Development Corporation (the “Company”) was incorporated on February 5, 2020, under the laws of British Columbia. The Company’s head office is located at 710 – 1030 West Georgia Street, Vancouver, BC, and its registered and records office is located at 2600 – 1066 West Hastings Street, Vancouver, B.C. To date, the Company has not earned operating revenue. The Company trades on the Canadian Securities Exchange (“CSE”) under the trading symbol “ACDX” and the OTCQB under the symbol “ACDXF”.

On February 24, 2025, the Company consolidated its common shares on the basis of five pre-consolidated common shares for one post-consolidated common shares of the Company resulting in 18,580,452 common shares and on March 20, 2025, had 3 common shares returned to treasury. Because of the consolidation, all share and per-share information in the financial statements have been restated to reflect the consolidation.

The Company is in the process of acquiring and exploring exploration and evaluation assets and has not yet determined whether such properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed interim consolidated financial statements are presented on a going concern basis, when contemplating the Company’s continuing capacity to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2025, the Company has no source of operating revenue and has a working capital deficiency of \$552,098. The Company expects to incur further losses in the development of its operations. The Company’s ability to continue its operations and to realize its assets at their carrying values will likely be dependent upon obtaining additional equity financing on terms which are acceptable to the Company or generating sufficient revenues to cover its operating costs. These factors are indicative of the existence of material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The condensed interim financial statements do not include all note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS as issued by the IASB. In the opinion of management, all adjustments considered necessary for fair presentation of the Company’s financial position, results of operations and cash flows have been included. Operating results for the six-month period ended June 30, 2025, are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 12, 2025.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value, as explained in the accounting policies set out below. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim consolidated financial statements of the Company include the balances of its wholly-owned subsidiary, American Copper NMX, Inc.

The Company consolidates its subsidiaries on the basis that it controls the subsidiaries through its ability to govern its financial and operating policies. All intercompany transactions and balances are eliminated on consolidation.

2. Future changes in accounting policy

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended June 30, 2025, and have not been applied in preparing these condensed interim consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

AMERICAN COPPER DEVELOPMENT CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025
(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

	Chuchi (\$)	Lordsburg (\$)	Total (\$)
Acquisition costs			
Balance, December 31, 2023	2,206,844	13,657,184	15,864,028
Cash	-	715,000	715,000
Claim maintenance	-	263,347	263,347
Common shares	18,750	101,713	120,463
Annual surface rental	-	27,627	27,627
Property acquisition obligation reduction	-	(5,000,000)	(5,000,000)
Acquisition obligation	-	350,000	350,000
	18,750	(3,542,313)	(3,523,563)
Impairment	(2,225,594)	(10,114,870)	(12,340,464)
Balance, June 30, 2025 and December 31, 2024	-	1	1
Deferred exploration costs			
Balance, December 31, 2023	197,305	4,561,317	4,758,622
Consulting	-	1,151	1,151
Field	-	3,662	3,662
Geological	-	10,360	10,360
	-	15,173	15,173
Impairment	(197,305)	(4,576,490)	(4,773,795)
Balance, December 31, 2024	-	-	-
Field	-	6,001	6,001
Geological	-	22,477	22,477
	-	28,478	28,478
Impairment	-	(28,478)	(28,478)
Balance, June 30, 2025	-	-	-
Total exploration and evaluation assets:			
December 31, 2024	-	1	1
June 30, 2025	-	1	1

3. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Lordsburg Property- Acquisition

On August 9, 2022, the Company completed an asset purchase agreement (the “Transaction”) to acquire certain mineral property interests located in the State of New Mexico (the “Lordsburg Property”) from Pyramid Peak Mining, LLC (“PPM”), a wholly owned subsidiary of Waterton Precious Metals Fund II Cayman, LP, and Mason Resources (US) Inc. (“Mason”) for the following consideration:

- i. issuance to Mason of 1,979,318 common shares of the Company (valued at \$2,474,148) and the granting of a 0.5% net smelter return (“NSR”) royalty on all minerals produced from the lands purchased from PPM (except for certain excluded claims subject to a pre-existing NSR of 2%) and a 1.5% NSR royalty on all minerals produced from the lands purchased from Mason; and
- ii. issuance to PPM or its designee of 3,256,000 common shares (valued at \$4,070,000), a cash payment of \$500,000, the granting of a 0.5% NSR royalty on all minerals produced from the lands purchased from Mason and the granting of a 1.5% NSR royalty on all minerals produced from the lands purchased from PPM (except for certain excluded claims subject to pre-existing NSRs between 2% and 5% and a production lease payment of \$0.50 for each ton of rock or gravel or a 0.5% NSR.). The Company also entered into a milestone payment rights agreement with PPM (the “Milestone Agreement”) whereby the Company will provide PPM with the transferable right to receive cash (or subject to the terms of the original Milestone Agreement, common shares). The original Milestone Agreement was amended on August 5, 2023, to extend the due date of the First Milestone Payment of \$1,000,000 to May 5, 2024 in consideration for the payment of monthly \$10,000 payments (paid) until the earlier of i) the completion by the Company of a minimum \$2,000,000 equity financing, and ii) May 5, 2024. The amount of the First Milestone Payment, and the dates and amounts of the subsequent Milestone payments, remained unchanged, those being \$1,500,000 on August 5, 2024, and \$2,500,000 on August 5, 2025. On May 7, 2024, the Company entered into an Amendment and Termination Agreement resulting in a \$4,600,000 reduction of the Milestone Payments. As consideration the Company will pay \$625,000 (paid), issue 312,965 common shares (issued), and then pay revised future Milestone Payments of \$50,000 in August 2024 (paid) and \$350,000 in August 2025. At December 31, 2023 and 2022, the milestone payments were accrued at their aggregate undiscounted amounts, as additional property acquisition costs, and divided into current and non-current components. The negotiated changes to the Milestone Payments were accounted for prospectively and as adjustments to property acquisition payments. The amounts incurred to renegotiate the payments were recorded as property acquisition payments.

The Lordsburg property is pledged as security against the property Milestone Payments due.

3. EXPLORATION AND EVALUATION ASSETS (cont'd...)

In conjunction with the Lordsburg acquisition, the Company also assumed all obligations under an agreement dated October 7, 2020, between Soloro Copper and Gold Corporation (“Soloro”) and PPM, whereby PPM obtained the option to acquire a 100% undivided interest in the Soloro claims located contiguous to the claims comprising the Lordsburg property. The agreement dated October 7, 2020, was amended on March 27, 2023, August 23, 2023 and October 1, 2024. To exercise the option, the Company must pay Soloro US\$165,000 in advance royalties over a six-year period (US\$15,000 paid by PPM and US\$100,000 paid by the Company). The option period can be extended for an additional five years subject to an annual US\$100,000 advance royalty. The Company will also be responsible for all claim maintenance fees and must incur US\$250,000 in property exploration expenditures by April 30, 2023 (incurred), and an additional US\$1,500,000 by October 7, 2025. If the option period is extended the property exploration expenditures must be made by October 7, 2029.

In connection with the Lordsburg Property acquisition, the Company incurred \$270,426 of costs to complete the property acquisition, consisting of legal fees and a technical report, and paid a finder’s fee on the property by issuing 344,000 common shares valued at \$430,000, all of which are recorded within exploration and evaluation assets as transaction costs.

Lordsburg Property- Comstock Project

Pursuant to a mining lease with option to purchase agreement dated December 1, 2022 (“Lease Agreement”), the Company was granted a mining lease on the Comstock Project located contiguous to the Lordsburg property described above. The mining lease has a five-year exploration period and a further five-year development period. To maintain the mining lease, the Company will be responsible for property exploration expenditures, which will be at the discretion of the Company, pay US\$50,000 in Lease Payments over a five-year period (US\$20,000 paid) and pay US\$110,000 in advance royalties over a five-year period once the Company elects to enter the defined development period. The Company and the Lessor agreed to extend the second anniversary lease payment to August 31, 2025.

Pursuant to the mining lease, the optionor will receive a 4.0% NSR royalty and the Company will have the right, at any time prior to commercial production, to purchase 2.0% of the NSR for an aggregate of US\$1,000,000. To exercise the option the Company must pay US\$3,000,000 in cash or cash equivalents, as mutually agreed upon, less advance royalties or NSR amounts paid.

During the year ended December 31, 2024, the Company determined that the carrying value of its interest in the Lordsburg property was impaired because no additional expenditures, at this time, are planned for the property. The Company accordingly wrote off acquisition and exploration expenditures on the property of \$14,691,360 as an impairment of exploration and evaluation assets. However, the Company maintains its ownership interest in all components of the property as at December 31, 2024. If the carrying amount of a property interest is impaired and evidence supporting a revised measure of its recoverable amount is not adequate or available, it is presented at a nominal amount as long as the Company’s ownership rights to the property are maintained.

During the period ended June 30, 2025, the Company determined that the carrying value of its interest in the Lordsburg property was impaired because no additional expenditures, at this time, are planned for the property. The Company accordingly wrote off acquisition and exploration expenditures on the property of \$28,478 as an impairment of exploration and evaluation assets.

Chuchi Project

The Company has previously optioned and acquired certain mineral property interests located in the Omineca Mining Division, British Columbia, pursuant to the terms two agreements with Pacific Ridge Exploration (‘PEX’), an unrelated public company, and the underlying titleholders. These agreements, as subsequently amended to include related options whereby PEX could also potentially earn controlling interests in these properties, are more fully disclosed in the Company’s annual financial statements.

3. EXPLORATION AND EVALUATION ASSETS (cont'd...)

On January 25, 2025, the Company and PEX terminated the Amended Agreement dated March 3, 2023, between the Company and PEX. The Company and PEX also terminated the Chuchi South Project. The Company has no interest in the Chuchi South and West Project.

During the year ended December 31, 2024, the Company terminated the option agreements on the Chuchi project. The Company accordingly wrote off acquisition and exploration expenditure on the property of \$2,422,899 as impairment of exploration and evaluation assets.

4. PREPAIDS

	June 30, 2025	December 31, 2024
Total prepaid expenses	\$ 18,777	\$ 1,756

5. RECLAMATION BOND

The Company has a refundable reclamation bond related to its Lordsburg property in the state of New Mexico, USA for \$103,839 (US\$78,511) (2024 - \$103,839).

6. RECEIVABLES

The Company's receivable primarily arises from refundable sales tax from government taxation authorities in Canada.

	June 30, 2025	December 31, 2024
Total GST receivables	\$ 3,103	\$ 18,211

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2025	December 31, 2024
Current Liabilities:		
Trade payables	\$ 185,9306	\$ 160,110
Accrued liabilities (1)	417,930	395,766
	\$ 603,800	\$ 555,876

(1) The Company entered into an Amendment and Termination Agreement on the Lordsburg Property, resulting in a reduction of the Milestone Payments (Note 3).

8. RELATED PARTY TRANSACTIONS

Key management personnel include those people who have authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the period ended June 30, were:

	2025	2024
Short-term benefits paid or accrued:		
Consulting fees	\$ 14,000	\$ 129,659
Total remuneration	\$ 14,000	\$ 129,659

Included in accounts payable and accrued liabilities as at June 30, 2025 was \$28,260 (December 31, 2024 - \$16,281) owed to the officers of the Company. Amounts owing to related parties are non-interest bearing, unsecured and due on demand.

9. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value.

During the period ended June 30, 2025, the Company had the following share capital transactions:

- (1) On February 24, 2025, the Company consolidated its common shares on the basis of five pre-consolidated common shares for one post-consolidated common shares of the Company. On March 20, 2025, the Company had 3 common shares returned to treasury due to the fractional rounding in connection with the consolidation of common shares of the Company.

During the year ended December 31, 2024, the Company had the following share capital transactions:

- (1) The Company issued 50,000 common shares for the acquisition of exploration and evaluation assets (Chuchi South Property) at a fair value of \$18,750 (Note 3).
- (2) The Company issued 312,965 common shares for the acquisition of exploration and evaluation assets (Lordsburg Property) at a fair value of \$101,713 (Note 3).

Escrow Shares

At June 30, 2025, there were 359,898 (December 31, 2024 – 719,796 shares held in escrow with the Company’s registrar and transfer agent. The common shares are subject to timed releases as follows:

- 10% released upon the date of a fundamental change (August 30, 2022)
- 15% released every six months thereafter until all escrow shares have been released (thirty-six months following the date of fundamental change).

Stock Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, at its discretion grant to directors, officers, employees and technical consultants of the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company’s issued and outstanding common shares at the time the options are granted. Vesting of stock options is at the discretion of the Board of Directors. Stock options are exercisable for a maximum of 10 years.

As at June 30, 2025, the Company had stock options outstanding enabling the holder to acquire common shares as follows:

Number of Stock options	Exercise Price	Expiry Date	Exercisable	Weighted Average Life Remaining
180,000	\$0.50	January 18, 2026	180,000	0.55
390,000	\$1.25	September 9, 2027	390,000	2.19
570,000			570,000	1.68

9. SHARE CAPITAL AND RESERVES (cont'd...)

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
As at December 31, 2024	955,000	\$ 1.11
Cancelled	(385,000)	1.25
As at June 30, 2025	570,000	\$ 1.01

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended June 30, 2025:

- accrued \$23,909 of exploration and evaluation assets in accounts payable and accrued liabilities.

Significant non-cash transactions during the period ended June 30, 2024:

- accrued \$11,856 of exploration and evaluation assets in accounts payable and accrued liabilities.
- issued 1,564,823 common shares for the acquisition of exploration and evaluation assets at a fair value of \$101,713.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to financial instruments is remote as the Company has deposited cash in high credit quality financial institutions.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Liquidity risk

As of June 30, 2025, the Company had cash balance of \$29,821 to settle current liabilities of \$603,800. The Company is exposed to liquidity risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets, liabilities and expenditures that are denominated in USD.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

12. CAPITAL MANAGEMENT

The Company defines the capital that it manages as the aggregate of share capital, contributed surplus and deficit.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company relies on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is enough economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the period.

13. SUBSEQUENT EVENT

The Company has arranged a non-brokered private placement of up to 5,350,000 units at a price of \$0.225 per unit for gross proceeds of up to \$1,203,750. Each unit will be composed of one common share of the company and one transferable share purchase warrant, with each warrant exercisable to purchase one additional common share of the company at a price of 30 cents per warrant share for a period of 18 months from the closing date of the private placement.

13. SUBSEQUENT EVENT (cont'd...)

The private placement is subject to the approval of the Canadian Securities Exchange (“CSE”), and all securities issued under the private placement will be subject to a statutory hold period of four months and one day following the closing date, as well as a voluntary lock-up whereby one-third of the securities will be released from escrow every six months after closing. Finders' fees may be payable in connection with the private placement, all in accordance with the policies of the CSE and applicable securities laws.