

# **QUADRO RESOURCES LTD.**

## CONDENSED INTERIM FINANCIAL STATEMENTS

Six Months Ended January 31, 2024

(Unaudited – Prepared by Management)

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**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.

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**QUADRO RESOURCES LTD.**

Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	January 31, 2024	July 31, 2023
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 63,768	\$ 162,781
Marketable Securities (Note 4)	-	154,613
Receivable (Note 5)	21,910	23,749
	85,678	341,143
<b>Non-current</b>		
Exploration and evaluation assets (Note 7, Note 9)	2,522,182	2,512,724
	2,522,182	2,512,724
<b>Total assets</b>	<b>\$ 2,607,860</b>	<b>\$ 2,853,867</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables (Note 8)	72,508	104,075
Amounts due to related parties (Note 9)	5,000	5,000
Asset retirement obligations (Note 7)	3,403	3,403
	80,911	112,478
<b>Total liabilities</b>	<b>80,911</b>	<b>112,478</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 11)	15,920,711	15,920,711
Share-based payment reserve (Note 12)	1,303,845	1,303,845
Deficit	(14,697,607)	(14,483,167)
<b>Total shareholders' equity</b>	<b>2,526,949</b>	<b>2,741,389</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,607,860</b>	<b>\$ 2,853,867</b>

**Nature of operations and going concern (Note 1)**

The financial statements were authorized for issue by the Board of Directors on February 26, 2024 and were signed on its behalf by:

"T. Barry Coughlan"  
Director

"Pieter Bakker"  
Director

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

**QUADRO RESOURCES LTD.**

Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Three months ended		Six months ended	
	January 31,	January 31,	January 31,	January 31,
	2024	2023	2024	2023
<b>Expenses</b>				
Accounting and audit	\$ 13,563	\$ 40,178	\$ 15,063	\$ 40,178
Consulting (Note 9)	6,000	8,800	12,000	14,800
Depreciation (Note 6)	-	-	-	156
Legal fees	-	7,748	32,872	13,951
Management fees (Note 9)	29,400	36,000	63,000	69,000
Media and news dissemination	-	-	-	9,000
Office and miscellaneous	3,230	2,140	5,322	4,602
Project investigation	-	-	-	4,654
Rent	1,125	12,464	10,080	24,827
Transfer agent and filing fees	4,060	11,085	5,961	11,592
Travel and promotion	2,715	9,786	6,814	12,683
Total expenses	(60,093)	(128,201)	(151,112)	(205,443)
<b>Other items</b>				
Flow through premium recovery (Note 10)	-	-	-	1,312
Realized loss on Marketable Securities (Note 4)	(34,163)	-	(108,715)	-
Change in fair value of marketable securities (Note 4)	33,333	-	45,387	-
	(830)	-	(63,328)	1,312
Loss for the period	(60,923)	(128,201)	(214,440)	(204,131)
Basic and diluted net loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding (basic and diluted)	28,511,576	28,344,925	28,511,576	28,042,751

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

**QUADRO RESOURCES LTD.**

Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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	Number of shares issued	Share capital	Share-based payment reserve	Deficit	Total
<b>Balance, July 31, 2022</b>	<b>27,544,909</b>	<b>\$ 15,851,378</b>	<b>\$ 1,303,845</b>	<b>\$ (13,854,957)</b>	<b>\$ 3,300,266</b>
Acquisition of exploration and evaluation assets	966,667	69,333	-	-	69,333
Net loss for the period	-	-	-	(204,131)	(204,131)
<b>Balance, January 31, 2023</b>	<b>28,511,576</b>	<b>\$ 15,920,711</b>	<b>\$ 1,303,845</b>	<b>\$ (14,059,088)</b>	<b>\$ 3,165,468</b>

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	Number of shares issued	Share capital	Share-based payment reserve	Deficit	Total
<b>Balance, July 31, 2023</b>	<b>28,511,576</b>	<b>\$ 15,920,711</b>	<b>\$ 1,303,845</b>	<b>\$ (14,483,167)</b>	<b>\$ 2,741,389</b>
Net loss for the period	-	-	-	(214,440)	(214,440)
<b>Balance, January 31, 2024</b>	<b>28,511,576</b>	<b>\$ 15,920,711</b>	<b>\$ 1,303,845</b>	<b>\$ (14,697,607)</b>	<b>\$ 2,526,949</b>

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

**QUADRO RESOURCES LTD.**

Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Six months ended	
	January 31, 2024	January 31, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (214,440)	\$ (204,131)
Adjustments for:		
Depreciation	-	156
Flow through liability	-	(1,312)
Change in fair value of marketable securities	(45,387)	-
Changes in non-cash working capital items:		
Receivable	1,839	11,535
Trade and other payables	(31,567)	23,979
Marketable securities	200,000	-
Net cash used in operating activities	(89,555)	(169,773)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(9,458)	(29,986)
Net cash used in investing activities	(9,458)	(29,986)
<b>Decrease in cash</b>	(99,013)	(199,759)
<b>Cash, beginning of the period</b>	162,781	521,629
<b>Cash, end of the period</b>	\$ 63,768	\$ 321,870

**Supplemental disclosure with respect to cash flows (Note 13)**

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

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Quadro Resources Ltd. (the "Company") was incorporated under the laws of British Columbia, Canada and maintains its head office and registered office at Suite 1400, 1040 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4H1. The Company is primarily engaged in the acquisition, exploration and development of exploration and evaluation assets in Canada. The Company is listed on the TSX Venture Exchange (TSX-V) under the symbol "QRO", on the OTC Pink under the symbol "QDROF", and on the Frankfurt Stock Exchange under the symbol "G4O2".

On November 22, 2022, the Company consolidated its common share on a 3:1 basis. All share and per share amounts in these consolidated financial statements reflect the share consolidation retrospectively.

### Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

At present, the Company's operations do not generate cash flow. The Company has incurred losses since inception and had an accumulated deficit of \$14,697,607 and working capital of \$4,767 as at January 31, 2024, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to raise adequate financing, identify economically recoverable reserves and to commence profitable operations in the future.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence. These adjustments could be material.

## **2. 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 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 of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended July 31, 2023, which have been prepared in accordance with IFRS as issued by the IASB.

**2. BASIS OF PREPARATION (cont'd...)**

**Basis of measurement**

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. 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.

**Significant estimates and assumptions**

The preparation of these financial statements requires management to make estimates 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 period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options and warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.
- iii) Recorded costs of flow-through share premium liabilities reflect the premium received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainty and requires the Company to assess the value of non-flow through shares. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.
- iv) Option or sale agreements, under which the Company may receive shares as payment, require the Company to determine the fair value of the shares received. Many factors can enter into this determination, including, if public shares, the number of shares received, the trading value of the shares, and volume of shares, and if non-public shares, the underlying asset value of the shares, or value of the claims under option or sale. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the shares received.



**2. BASIS OF PREPARATION (cont'd...)**

**Significant judgments**

The preparation of these financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- i) Recorded costs of mineral property interests and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its mineral property interests for signs of impairment. This is a highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgments based on information available, but there is no certainty that a property is or is not impaired.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

- ii) The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.
- iii) The classification of financial instruments.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out in the Company's annual financial statements for the year ended July 31, 2023 were consistently applied to all the periods presented unless otherwise noted below.

**New accounting standards**

There were no new or amended IFRS pronouncements effective August 1, 2023 that impacted the Company's financial statements.

**4. MARKETABLE SECURITIES**

On August 17, 2022, the Company received 1,084,171 common shares of TRU Precious Metals Corp. ("TRU") with a fair value of \$100,000. On June 28, 2023, the Company received 3,333,333 common shares of TRU with a fair value of \$100,000. During the six month period ended January 31, 2024, the Company sold all of the common shares of TRU. 1,084,171 common shares of TRU were sold at a fair value of \$0.0235 per share for proceeds of \$25,448. The balance of 3,333,333 common shares of TRU were sold at a fair value of \$0.020 per share for proceeds of \$65,837. The sales of the common shares of TRU resulted in a total realized loss of \$108,715.

**5. RECEIVABLES**

	January 31, 2024	July 31, 2023
Sales tax recoverable	\$ 2,102	\$ 3,941
Other	19,808	19,808
	<b>\$ 21,910</b>	<b>\$ 23,749</b>

**6. EQUIPMENT**

	<b>Computer equipment</b>	
<b>Cost:</b>		
At July 31, 2022	\$	3,900
Addition		-
At July 31, 2023	\$	3,900
<b>Accumulated depreciation:</b>		
At July 31, 2022		3,744
Depreciation		156
At July 31, 2023	\$	3,900
<b>Net book value:</b>		
<b>At July 31, 2023</b>	<b>\$</b>	<b>-</b>
<b>Cost:</b>		
At July 31, 2023	\$	3,900
Additions		-
At October 31, 2023	\$	3,900
<b>Accumulated depreciation:</b>		
At July 31, 2023		3,900
Depreciation		-
At January 31, 2024	\$	3,900
<b>Net book value:</b>		
<b>At January 31, 2024</b>	<b>\$</b>	<b>-</b>

**QUADRO RESOURCES LTD.**  
NOTES TO THE FINANCIAL STATEMENTS  
SIX MONTHS ENDED JANUARY 31, 2024

**7. EXPLORATION AND EVALUATION ASSETS**

	Victoria Lake Property	Careless Cove & Yellow Fox Property	Tulks South Property	Total
<b>Balance, July 31, 2022</b>	<b>\$ 2,467,499</b>	<b>\$ 167,187</b>	<b>\$ 212,818</b>	<b>\$ 2,847,504</b>
Acquisition costs				
Option payments	(116,667)	36,000	-	(80,667)
Claim staking/maintenance costs	(25,000)	-	-	(25,000)
	(141,667)	36,000	-	(105,667)
Deferred exploration expenditures				
Assaying	5,960	13,118	-	19,078
Equipment rental	2,320	-	-	2,320
Geological consulting	14,575	1,750	4,200	20,525
Travel	4,669	361	-	5,030
Government grant adjustment	(3,400)	-	(54,250)	(57,650)
	24,124	15,229	(50,050)	(10,697)
Net cost for the year	\$ (117,543)	\$ 51,229	\$ (50,050)	\$ (116,364)
Write-down of exploration and evaluation assets	\$ -	\$ (218,416)	\$ -	\$ (218,416)
<b>Balance, July 31, 2023</b>	<b>\$ 2,349,956</b>	<b>\$ -</b>	<b>\$ 162,768</b>	<b>\$ 2,512,724</b>

**QUADRO RESOURCES LTD.**  
NOTES TO THE FINANCIAL STATEMENTS  
SIX MONTHS ENDED JANUARY 31, 2024

**7. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

	Victoria Lake Property	Careless Cove & Yellow Fox Property	Tulks South Property	Total
<b>Balance, July 31, 2023</b>	<b>\$ 2,349,956</b>	<b>\$ -</b>	<b>\$ 162,768</b>	<b>\$ 2,512,724</b>
Acquisition costs				
Option payments	46,797	-	-	46,797
Claim staking/maintenance costs	(50,000)	-	-	(50,000)
	(3,203)	-	-	(3,203)
Deferred exploration expenditures				
Assaying	1,536	-	-	1,536
Equipment rental	1,150	-	-	1,150
Geological consulting	9,975	-	-	9,975
	12,661	-	-	12,661
Net cost for the period	\$ 9,458	\$ -	\$ -	\$ 9,458
<b>Balance, January 31, 2024</b>	<b>\$ 2,359,414</b>	<b>\$ -</b>	<b>\$ 162,768</b>	<b>\$ 2,522,182</b>

**7. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

Victoria Lake Gold Project, Newfoundland and Labrador

The Company's Victoria Lake Gold project is located in west-central Newfoundland and comprises the following properties:

*Staghorn Property*

On June 6, 2017, the Company entered into an option agreement with Metals Creek Resources Corp. ("Metals Creek") and Benton Resources Inc. ("Benton") whereby the Company was granted an option to acquire a 100% interest in the Staghorn property, located in Newfoundland and Labrador, as well as all their rights to the Rose Gold property which is comprised of certain mineral claims contiguous to the Staghorn property. The Company issued 2,666,667 common shares (with a fair value of \$800,000) to Metals Creek and Benton and earned a 100% interest in the Staghorn property.

The Staghorn property is subject to Net Smelter Return ("NSR") royalties as outlined below:

- A royalty granted to Metals Creek and Benton representing an area of interest that is subject to a 3% NSR in favor of Metals Creek and Benton, of which a 2% NSR can be purchased by the Company at any time for \$2,000,000.
- An existing royalty held by Ed Northcott and Gilbert Lushman representing an area of interest that is subject to: i) a 2% NSR in favor of Ed Northcott and Gilbert Lushman, of which a 1% NSR can be purchased by the Company at any time for \$1,000,000; and (ii) a 1% NSR in favor of Metals Creek and Benton.

In June 2022, the Company entered into an option agreement with TRU, giving TRU the option to acquire up to an aggregate 65% interest in the Staghorn property (the "Staghorn Option"). In order for TRU to exercise the Initial Option of 51% interest in the Property, TRU shall make the following payments, shall cause the following shares to be issued and in the name of the Company (the "Purchase Price") and shall incur an aggregate of \$1,100,000 of exploration expenditures (subject to certain adjustments) (the "Exploration Expenditures"), including at least an aggregate of \$660,000 worth of drilling activities on the Property (the "Initial Drilling Commitments") on or before the corresponding dates set forth below.

- On three days following Exchange approval (the "Effective Date"): the issuance of \$100,000 in TRU shares (issued - 1,084,171 shares on August 17, 2022), such TRU shares to have a deemed issue price per TRU share equal to the greater of: (a) the VWAP of the TRU shares (VWAP meaning the volume-weighted average trading price of the TRU shares on the Exchange for the twenty previous consecutive trading days); and (b) the lowest discounted price permitted pursuant to the policies of the Exchange;
- On or before the one year anniversary of the Effective Date: (i) the payment of \$25,000 in cash; and (ii) the issuance of a further \$100,000 in TRU shares (issued - 3,333,333 shares on June 28, 2023), such TRU shares to have a deemed issue price per TRU share equal to the greater of: (a) the VWAP of the TRU shares; and (b) the lowest discounted price permitted pursuant to the policies of the Exchange; and (iii) incur Exploration Expenditures of an aggregate of \$200,000;
- On or before the two year anniversary of the Effective Date: (i) a further payment of \$100,000 in cash; (ii) the issuance of a further \$150,000 in TRU shares, such TRU shares to have a deemed issue price per TRU share equal to the greater of: (a) the VWAP of the TRU shares; and (b) the lowest discounted price permitted pursuant to the policies of the Exchange; and (iii) incur Exploration Expenditures of an aggregate of a further \$300,000; and
- On or before the three year anniversary of the Effective Date, incur Exploration Expenditures of an aggregate of a further \$600,000.

**7. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

On August 18, 2022, the Company closed the definitive option agreement dated June 15, 2022 (the "Option Agreement") with TRU. Pursuant to the terms of the Option Agreement, TRU has the option to acquire up to an aggregate 65% ownership in The Company's Staghorn Project (the "Staghorn Project") located in central Newfoundland. TRU has issued 1,084,171 common shares to the Company in respect of the first share issuance due under the Option Agreement. The deemed price of such issuance shares is approximately \$0.092 per share, representing the volume-weighted average trading price of TRU's common shares on the Exchange for the 20 previous consecutive trading days. All common shares issued pursuant to the terms of the Option Agreement are subject to a hold period under applicable securities laws for a period of four months plus one day from the date of issuance.

On June 12, 2023, the Company announced that further to its August 18, 2022 and April 25, 2023, news releases, it had amended its Staghorn Option Agreement with TRU. The amended terms include:

- A minimum of \$300,000 of the Initial Drilling Commitments must be incurred by no later than October 15, 2023, failing which TRU shall pay to The Company on October 15, 2023, a cash penalty in the amount of \$25,000 (received), and shall continue to pay a \$25,000 cash penalty each subsequent quarter until July 15, 2024, or until such time as TRU has incurred an aggregate \$300,000 of the Initial Drilling Commitments.

During the year ended July 31, 2022, the Company recorded \$7,250 asset retirement obligations on this property. As the restoration tasks were to be completed shortly after the year end the amount was discounted. During the year ended July 31, 2023, the Company reduced the asset retirement obligations on this property to \$3,403, which was discounted as well.

*Long Lake Property*

In November 2019, the Company entered into an option agreement to acquire a 100% interest in the Long Lake property, located in Newfoundland and Labrador by making staged cash payments totaling \$100,000 over three years (\$100,000 paid) and share issuances totaling 1,666,667 common shares (a total of 1,666,667 common shares issued) over three years (666,667 shares issued with a fair value of \$100,000 in fiscal year 2023, 500,000 shares issued with a fair value of \$75,000 in fiscal year 2022, 333,333 shares issued with a fair value of \$50,000 and 166,667 shares issued with a fair value of \$30,000 in fiscal 2021 and fiscal 2020 respectively). The Long Lake property is subject to a 2% NSR, half of which can be purchased by the Company for \$1,500,000.

During the year ended July 31, 2022, an impairment charge of \$865,707 was recorded against the Long Lake property due to cancelled claims. The impairment charge resulted in \$1 nominal value on the Long Lake property. Subsequent to the year ended July 31, 2022, on October 13, 2022, the Company filed a grievance with the Newfoundland Mineral Rights Adjudication Board (the "Board"). The Company requested that the cancellation be rescinded. During the year ended July 31, 2023, the Board had not ruled on the grievance filing. Subsequent to the year ended July 31, 2023, On October 11, 2023, the Company announced that four of its nine claim blocks comprising its Long Lake property that were cancelled on September 22, 2022, would be reinstated as of their original issuance dates, as per the Order of the Board dated October 10, 2023 (the "Order"). Per the Order, the Company was required to pay \$40,540 to cover deficiencies for two of the four licenses to bring them back into good standing. The remaining two licenses have no deficiencies. In addition, the Company paid costs to the Mineral Claims Recorder.

**7. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

Seagull Lake Property, Ontario

In February 2020, the Company entered into a letter of intent to acquire a 70% interest in the Seagull Lake property near Thunder Bay, Ontario. Under the terms of the agreement, the Company paid a \$25,000 non-refundable deposit and is required to make staged cash payments totaling \$250,000, issue 2,166,667 common shares and spend \$1,550,000 of exploration expenditures over three years as follows:

- Pay \$25,000 (paid) and issue 333,333 common shares (issued with a fair value of \$110,000) upon TSX-V approval (obtained on April 3, 2020);
- Pay \$100,000, issue 750,000 common shares, and incur exploration expenditures of \$300,000 by February 20, 2021;
- Pay \$125,000, issue 1,083,333 common shares, and incur additional exploration expenditures of \$500,000 by February 20, 2022; and
- Incur additional exploration expenditures of \$750,000 by February 20, 2023.

Upon the Company earning the 70% interest, the Company and the optionor will form a joint venture for the further development of the property.

On January 11, 2021, the Company announced that it had withdrawn from the Seagull option agreement signed February 18, 2020. An impairment charge of \$162,877 was recorded against the property.

Careless Cove and Yellow Fox properties, Newfoundland and Labrador

On October 8, 2020, the Company signed a LOI with Metals Creek Resources Corp. to earn a 100% interest in the Careless Cove and Yellow Fox properties in Newfoundland. To exercise its option, the Company is required to pay Metals Creek Resources Corp. a total \$100,000 and 500,000 common shares of the Company according to the following schedule:

- (a) \$15,000 (paid) and 100,000 common shares (issued with a fair value of \$58,500) on signing;
- (b) \$20,000 (paid) and 100,000 common shares (issued with a fair value of \$24,000) on the first anniversary;
- (c) \$20,000 and 133,333 common shares on the second anniversary (see July 26, 2022 amending agreement below); and
- (d) \$45,000 and 166,667 common shares on the third anniversary (see Note 18)

On July 26, 2022, the Company signed an agreement amending the terms of the August 11, 2020 Yellow Fox/Careless Cove letter of intent with Metals Creek Resources Corp. (“Metals Creek”). Under the terms of the amending agreement, in lieu of the second anniversary cash payment of \$20,000, The Company issued to Metals Creek 166,667 additional common shares of the Company for a total of 300,000 common shares at a deemed price of \$0.12 per share (issued with a fair value of \$36,000).

Careless Cove and Yellow Fox properties is subject to a 2.0% NSR royalty on any future mineral production. The Company will have the right to purchase 50% of the NSR from Metals Creek for \$1,000,000.

Subsequent to the year ended July 31, 2023, the Company withdrew from the LOI with Metals Creek signed October 8, 2020 and recorded an impairment charge of \$218,416 against the property.

Tulks South Property, Newfoundland and Labrador

On July 26, 2021, the Company signed a binding letter of intent with Buchans Minerals Corporation (“BMC”) for the gold prospective Tulks South Property (the “Property”), located proximal to the Company’s Long Lake project, Newfoundland. The LOI sets out a proposed transaction (the “Proposed Transaction”) pursuant to which the Company has acquired from BMC an option to acquire a 51% interest (the “Initial Option”) in BMC’s claims which comprise the Property, followed by the right to acquire an additional 19% interest (the “Second Option” or “Joint Venture”) in the event that BMC elects not to participate in work programs after the Company has earned its initial 51% interest.

**7. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

The LOI terms are as follows:

1. Initial Option. The Company may exercise the Initial Option by incurring \$500,000 of exploration expenditures on the Property as follows:
  - a) On signing of this LOI, the Company will issue payment of \$54,250 to BMC as reimbursement for payment made by BMC in lieu of required assessment work, which will be reimbursed once assessment is filed (completed).
  - b) Completing \$85,000 of Expenditures by the first anniversary of the LOI (completed);
  - c) Completing a further \$110,000 of Expenditures on or before the second anniversary of the LOI;
  - d) Completing a further \$135,000 of Expenditures on or before the third anniversary of the LOI; and
  - e) Completing a further \$170,000 of Expenditures on or before the fourth anniversary of the LOI.
  
2. Second Option or Joint Venture. Upon the Company having incurred \$500,000 of exploration expenditures and exercised the Initial Option and submitted to BMC a technical report on the work completed during the Initial Option period and a proposed work program and budget for the next phase of exploration or development, BMC will have 60 days in which to:
  - a) Elect to participate in a joint venture (the “Initial Joint Venture”) with the Company for the further development of the Property with the Company having an initial 51% interest and BMC having an initial 49% interest; or
  - b) Elect not to participate in the Initial Joint Venture in which case the Company will have the right to exercise the Second Option by incurring a further \$250,000 of Expenditures within 12 months of BMC electing not to participate in the Initial Joint Venture and upon completion of such Expenditures the parties will form a joint venture with the Company having a 70% interest and BMC having a 30% interest (the “Second Joint Venture”).

In the event that The Company fails to complete the Expenditures required to exercise the Second Option the parties will revert to forming the Initial Joint Venture. After forming the Initial Joint Venture or the Second Joint Venture as the case may be, if a participant’s interest is diluted to less than 10% its interest will be converted to a 2% NSR. The other participant will have the right to purchase fifty percent of the NSR (i.e. 1%) by paying the holder of the NSR \$1,500,000 and such purchasing participant will have a right of first refusal on the remaining 1% NSR.

Other properties, Newfoundland and Labrador

During the year ended July 31, 2018, the Company staked claim units in the St. Anthony area on the Great Northern Peninsula, Newfoundland and Labrador for \$21,177.

During the year ended July 31, 2022, an impairment charge of \$21,177 was recorded against the property.

**8. TRADE AND OTHER PAYABLES**

	January 31, 2024	July 31, 2023
Accounts payable	\$ 8,508	\$ 40,075
Accrued expenses	64,000	64,000
	<b>\$ 72,508</b>	<b>\$ 104,075</b>

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.



**9. RELATED PARTY TRANSACTIONS**

Included in amounts due to related parties are \$5,000 (July 31, 2023 - \$5,000) in advances from the President of the Company. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

Included in receivables are \$19,471 (July 31, 2023 - \$19,471) of sublease payment due from a company with a director in common with the Company.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the six months ended January 31, 2024 and 2023 is as follows:

	Six months ended	
	January 31, 2024	January 31, 2023
Geological consulting fees	\$ -	\$ 6,000
Consulting fees	12,000	12,000
Management fees	63,000	69,000
	\$ 75,000	\$ 87,000

The Company entered into the following related party transactions during the six months ended January 31, 2024:

- a) Paid or accrued management fees of \$45,000 (2023 - \$48,000) to a company controlled by the Chief Executive Officer of the Company for management services provided.
- b) Paid or accrued management fees of \$12,000 (2023 - \$21,000) to the Chief Financial Officer of the Company for management services provided.
- c) Paid or accrued management fees of \$6,000 (2023 - \$nil) to a company controlled by an officer of the Company for management services provided.
- d) Incurred geological consulting of \$nil (2023 - \$6,000) to a company controlled by an officer of the Company. The geological consulting fees were capitalized as Exploration and Evaluation Assets in the Statements of Financial Position.
- e) Paid or accrued consulting fees of \$12,000 (2023 - \$12,000) to a director of the Company for consulting services provided.

## **10. FLOW THROUGH LIABILITY**

During the year ended July 31, 2021, the Company issued 2,014,648 flow-through shares at a price of \$0.51 per share for gross proceeds of \$1,027,470 (the “Financing”) and recognized a flow-through premium liability of \$241,758, as the difference between the flow-through share price and the non-flow-through share price in the concurrent offering. During the year ended July 31, 2021, the Company incurred qualifying exploration expenses, subsequent to the Financing, of \$608,364 which reduced the flow-through share premium liability by \$143,145, and which the Company recognized as other income on settlement of flow-through share premium liability. The flow-through premium liability outstanding relating to these flow-through shares is \$98,613 as at July 31, 2021. Subsequent to the year ended July 31, 2021, the Company incurred additional qualifying exploration expenses to eliminate the flow through liabilities related to the flow-through shares issued during the year ended July 31, 2021.

During the year ended July 31, 2022, the Company issued 1,517,778 flow-through shares at a price of \$0.18 per share for gross proceeds of \$273,200 (the “Financing”) and recognized a flow-through premium liability of \$45,533, as the difference between the flow-through share price and the non-flow-through share price in the concurrent offering. During the year ended July 31, 2022, the Company incurred qualifying exploration expenses, subsequent to the Financing, of \$265,326 which reduced the flow-through share premium liability by \$44,221, and which the Company recognized as other income on settlement of flow-through share premium liability. The flow-through premium liability outstanding relating to these flow-through shares is \$1,312 as at July 31, 2022. Subsequent to the year ended July 31, 2022, the Company incurred additional qualifying exploration expenses to eliminate the flow through liabilities related to the flow-through shares issued during the year ended July 31, 2022.

## **11. SHARE CAPITAL**

### **Authorized share capital**

The Company has authorized an unlimited number of common shares with no par value.

### **Issued share capital**

At January 31, 2024, the Company had 28,511,576 common shares issued and outstanding (July 31, 2023 – 28,511,576).

### **Share issuance**

During the six months ended January 31, 2024, the Company did not have any share capital activity.

During the year ended July 31, 2023, the Company:

- i) Issued 300,000 common shares with a fair value of \$36,000 pursuant to Metals Creek for the Careless Cove/Yellow Fox properties.
- ii) Issued 666,667 common shares with a fair value of \$33,333 pursuant to the Long Lake option.

**11. SHARE CAPITAL (cont'd...)**

**Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the period ended January 31, 2024 was based on the loss attributable to common shareholders of \$214,440 (2023 - \$204,131) and a weighted average number of common shares outstanding of 28,511,576 (2023 – 28,042,751).

At January 31, 2024, 1,103,333 stock options (2023 – 1,253,333) and nil warrants (2023 – 4,430,797) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

**12. SHARE-BASED PAYMENTS**

**Stock options**

The Company has adopted an incentive rolling stock option plan (the “Plan”) under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to a maximum of 20% of the total number of issued and outstanding shares of the Company. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors. The exercise price of options granted under the Plan shall not be less than the closing price of the Company’s shares on the trading day immediately preceding the date of grant, less the discount permitted under the Exchange’s policies.

Option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance & Exercisable, July 31, 2022	1,828,333	\$ 0.36
Expired	(625,000)	\$ 0.30
Balance & Exercisable, July 31, 2023	1,203,333	\$ 0.35
Expired	(100,000)	\$ 0.30
Balance & Exercisable, January 31, 2024	1,103,333	\$ 0.36

The options outstanding at January 31, 2024 have exercise prices of \$0.36 and a weighted average remaining contractual life of 2.02 years.

As at January 31, 2024 the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
970,000	\$0.36	February 5, 2026
133,333	\$0.36	February 9, 2026
1,103,333		

**12. SHARE-BASED PAYMENTS (cont'd...)**

**Warrants**

The Company uses the residual value method with respect to the measurement of share purchase warrants issued with private placement units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants. Agents' warrants are measured at fair value on the date of the grant as determined using the Black-Scholes option pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, July 31, 2022	5,513,427	\$	0.41
Expired	(1,082,630)		0.60
Balance, July 31, 2023	4,430,797	\$	0.39
Expired	(4,430,797)		0.39
Balance, January 31, 2024	-		NA

There were no warrants outstanding at January 31, 2024.

**13. SUPPLEMENTAL CASH FLOW INFORMATION**

Significant non-cash investing and financing transactions during the six months ended January 31, 2024 included:

- a) Included in trade and other payables are \$2,760 related to exploration and evaluation assets.

Significant non-cash investing and financing transactions during the six month ended January 31, 2023 included:

- a) The Company issued 300,000 common shares pursuant to a mineral property agreement with a total value of \$36,000.
- b) The Company issued 666,667 common shares pursuant to a mineral property agreement with a total value of \$33,333
- c) Included in trade and other payables are \$2,760 related to exploration and evaluation assets.

#### **14. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to ensure adequate working capital is available to fund both the business development plans and the working capital requirements of each annual operating cycle. In the management of capital, the Company includes shareholders' equity (deficiency) 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, 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.

#### **15. FINANCIAL INSTRUMENTS AND RISK**

The Company has classified cash and marketable securities as FVTPL, and receivables, trade and other payables and amounts due to related parties at amortized cost.

As of January 31, 2024, the carrying amounts of receivables, trade and other payables, and amounts due to related parties carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

##### **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 a customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with its cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. The Company's receivables consist of rental recovery due from a sublease office tenant and sales tax recoverable due from the Canadian government. Management does not expect these counterparties to fail to meet their obligations.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2024, the Company had a cash balance of \$63,768 to settle trade and other payables of \$72,508, asset retirement obligation of \$3,403 and due to related parties of \$5,000. The Company's trade and other payables have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

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

**15. FINANCIAL INSTRUMENTS AND RISK (cont'd...)**

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term maturity.

*Price risk*

Price risk is the potential adverse impact on the Company's earnings due to movements in individual prices or general movements in the level of the stock market. The Company is subject to price risk in respect of its investments in marketable securities.

As at January 31, 2024 and July 31, 2023, the Company's exposure to price risk was not significant in relation to these Financial Statements.

**16. FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows. There have been no changes in classifications during the period ended January 31, 2024. Marketable securities were added in level 2 during the year ended July 31, 2023.

Assets	As at January 31, 2024			
	Level 1	Level 2	Level 3	Total
Cash	\$ 63,768	\$ -	\$ -	\$ 63,768
Marketable securities	-	-	-	-
<b>Total</b>	<b>\$ 63,768</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 63,768</b>

Assets	As at July 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash	\$ 162,781	\$ -	\$ -	\$ 162,781
Marketable securities	-	154,613	-	154,613
<b>Total</b>	<b>\$ 162,781</b>	<b>\$ 154,613</b>	<b>\$ -</b>	<b>\$ 317,394</b>