XPLORE RESOURCES CORP.

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended March 31, 2024 and 2023

(Unaudited – Expressed in Canadian Dollars)

XPLORE RESOURCES CORP.
March 31, 2024 and 2023

INDEX **Page**

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

May 29, 2024

XPLORE RESOURCES CORP.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

		March 31, 2024		June 30, 2023
		(unaudited)		
Assets				
Current Assets				
Cash	$	402,363	$	53,485
Other receivables		46,763		25,613
Prepaid expenses		13,806		51,800
		462,932		130,898
Exploration and Evaluation Assets (notes 8 and 10)		1,464,231		814,981
	$	1,927,163	$	945,879
Liabilities and Equity				
Current Liabilities				
Accounts payable and accrued liabilities (note 10)	$	108,717	$	60,114
		108,717		60,114
Equity				
Common Shares (note 11)		3,784,051		2,386,810
Share-based Payments Reserve (note 12)		284,380		10,081
Deficit		(2,249,985)		(1,511,126)
		1,818,446		885,765
	$	1,927,163	$	945,879

Going Concern (note 2)
Subsequent Event (note 14)

Approved on behalf of the Board:

"Dominic Verdejo"	*"Richard Boulay"*
……………………………… Director	……………………………… Director
Dominic Verdejo	Richard Boulay

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

XPLORE RESOURCES CORP.

Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Expenses				
Consulting fees (note 10)	$ 125,000	$ -	$ 244,600	$ -
General and administrative	13,036	1,234	18,606	14,129
Impairment of exploration and evaluation assets	-	295,972	-	295,972
Interest accretion (note 9)	-	-	25,644	-
Occupancy cost	13,000	-	18,000	-
Pre-exploration and evaluation	-	-	-	10,628
Professional fees (note 10)	47,655	10,500	133,145	63,590
Share-based payments (note 12)	249,276	-	249,276	-
Shareholder communication and promotion	13,180	450	20,288	15,130
Transfer agent and filing fees	17,087	7,911	29,300	17,203
Loss and Comprehensive Loss for the Period	$ (478,234)	$ (316,067)	$ (738,859)	$ (416,652)
Basic and Diluted Loss Per Share	$ (0.02)	$ (0.02)	$ (0.04)	$ (0.03)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	28,673,593	15,681,505	20,254,523	15,639,476

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

XPLORE RESOURCES CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited – Expressed in Canadian Dollars)

	Common Shares								
	Number of Shares		Amount		Share-based Payments Reserve		Deficit		Total
Balance, June 30, 2022	**15,533,505**	**$**	**2,369,560**	**$**	**87,600**	**$**	**(1,131,316)**	**$**	**1,325,844**
Shares issued for exploration and evaluation assets	148,000		17,250		-		-		17,250
Warrants expired	-		-		(10,600)		10,600		-
Stock options expired	-		-		(66,919)		66,919		-
Loss for the period	-		-		-		(416,652)		(416,652)
Balance, March 31, 2023	**15,681,505**		**2,386,810**		**10,081**		**(1,470,449)**		**926,442**
Loss for the period	-		-		-		(40,677)		(40,677)
Balance, June 30, 2023	**15,681,505**		**2,386,810**		**10,081**		**(1,511,126)**		**885,765**
Shares issued for cash	11,780,000		1,178,000		-		-		1,178,000
Share issuance costs	-		(32,759)		-		-		(32,759)
Shares issued for exploration and evaluation assets	1,800,000		252,000		-		-		252,000
Stock options granted	-		-		249,276		-		249,276
Warrants issued	-		-		25,023		-		25,023
Loss for the period	-		-		-		(738,859)		(738,859)
Balance, March 31, 2024	**29,261,505**	**$**	**3,784,051**	**$**	**284,380**	**$**	**(2,249,985)**	**$**	**1,818,446**

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

XPLORE RESOURCES CORP.

Condensed Consolidated Interim Statements of Cash Flows
For the Nine Months Ended March 31,
(Unaudited – Expressed in Canadian Dollars)

	2024	2023
Operating Activities		
Loss for the period	$ (738,859)	$ (416,652)
Items not affecting cash:		
Impairment of exploration and evaluation assets	-	295,972
Interest accretion	25,644	-
Share-based payments	249,276	-
Changes in non-cash working capital		
Other receivables	(21,150)	58,166
Prepaid expenses	7,994	(20,335)
Accounts payable and accrued liabilities	15,203	(40,032)
Cash Used in Operating Activities	(461,892)	(122,881)
Investing Activity		
Exploration and evaluation asset expenditures	(333,850)	(91,260)
Cash Used in Investing Activity	(333,850)	(91,260)
Financing Activities		
Proceeds from issuance of common shares	1,178,000	-
Share issuance costs	(32,759)	-
Loan proceeds received	40,000	-
Loan repayments	(40,621)	-
Cash Provided by Financing Activities	1,144,620	-
Inflow (Outflow) of Cash	348,878	(214,141)
Cash, Beginning of Period	53,485	302,710
Cash, End of Period	$ 402,363	$ 88,569
Supplemental Disclosure with Respect to Cash Flows		
Income taxes paid	$ -	$ -
Interest paid	$ 621	$ -
Non-cash Operating, Investing and Financing Activities		
Shares issued for exploration and evaluation assets	$ 252,000	$ 17,250
Net increase in exploration and evaluation asset expenditures in accounts payable and accrued liabilities	$ 33,400	$ -
Prepaid expenses used for acquisition of Baru Exploração Mineral Ltda.	$ 30,000	$ -

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

1. NATURE OF OPERATIONS

Xplore Resources Corp. (the "Company") was incorporated on February 24, 2017 pursuant to the *Business Corporations Act* of British Columbia and was classified as a capital pool company, as defined in TSX Venture Exchange ("TSX-V") Policy 2.4. On October 30, 2017, the Company completed its Initial Public Offering ("IPO") and the Company's shares commenced trading on the TSX-V under the symbol XPLR. The Company's principal business activities include the acquisition and exploration of mineral property assets located in Canada and Brazil. The Company's head office and principal business address is 1615 – 200 Burrard Street, Vancouver, British Columbia, V6C 3L6. The Company's registered and records office is 2501 – 550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

On October 24, 2023, the Company consolidated it common shares on the basis of one new share for every two and one-half pre-consolidation common shares. For all periods presented, common shares, warrants, stock options and any amounts for those instruments that are stated on a per-unit basis have been adjusted for the 2.5-for-1 share consolidation.

2. GOING CONCERN

These condensed consolidated interim 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 liabilities in the normal course of operations.

The Company has incurred a net loss of $738,859 for the nine months ended March 31, 2024 and has an accumulated deficit of $2,249,985 at March 31, 2024. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not give effect to any adjustments 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 the accompanying condensed consolidated interim financial statements.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements of the Company should be read in conjunction with the Company's 2023 annual consolidated financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 29, 2024.

3. BASIS OF PREPARTION – continued

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value. These condensed consolidated interim financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar, except where otherwise indicated.

c) Subsidiaries

These condensed consolidated interim financial statements include the accounts of the following entities:

Entity	Relationship	Percentage
Xplore Resources Corp.	Parent	100%
Xplore Resources Holdings Corp. (formerly Xplore Resources Corp.)	Subsidiary	100%
Baru Exploração Mineral Ltda. ("Baru")	Subsidiary	100%

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in note 4 to the audited consolidated financial statements for the year ended June 30, 2023.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the year of the change if the change affects that year only, or in the year of the change and future years if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below.

a) Title to mineral property interests

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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – continued

b) Going concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. The condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, as disclosed in note 2.

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the condensed consolidated interim financial statements.

a) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized expenditures requires assumptions about future events or circumstances and whether it is likely that future economic benefits will flow to the Company. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available. In the current year, estimates were involved in determining the carrying value of exploration and evaluation assets. These estimates and the related uncertainty could impact the carrying value of exploration and evaluation assets in the next year.

b) Fair value of stock options granted

The Company uses the Black-Scholes option pricing model to value the stock options granted during the period. The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

6. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and loan payable. The carrying values of accounts payable and accrued liabilities and loan payable approximate their fair values due to the short term to maturity.

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for assets or liabilities that are not based on observable market data.

(Unaudited – Expressed in Canadian Dollars)

6. FINANCIAL RISK MANAGEMENT – continued

The following table sets forth the Company's financial asset measured at fair value by level within the fair value hierarchy:

March 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 402,363	$ -	$ -	$ 402,363

June 30, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 53,485	$ -	$ -	$ 53,485

There were no changes to the Company's risk exposures during the nine months ended March 31, 2024. The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balance. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

The Company has minimal credit risk. The maximum exposure to credit risk at March 31, 2024 is the carrying value of cash of $402,363 (June 30, 2023 - $53,485).

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The financial liabilities of the Company as of March 31, 2024 total $108,717 (June 30, 2023 - $60,114). Accounts payable are due within 30 days of the reporting date.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) *Currency risk* – Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has no funds held in foreign currencies, and as a result, is not exposed to significant exchange risk on its financial instruments at period-end.

6. FINANCIAL RISK MANAGEMENT – continued

c) Market risk – continued

ii) 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. Interest earned on cash is at nominal interest rates. The Company's loan payable has a fixed interest rate. The loan was repaid during the period ended March 31, 2024. The Company does not consider interest rate risk to be significant.

iii) Other price risk – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is not exposed to significant other price risk.

d) Capital management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at March 31, 2024, the Company's shareholders' equity was $1,818,446 (June 30, 2023 - $885,765). The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. 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 has not generated any revenues and cash flows since its inception, therefore, the Company is dependent on external financing to fund its business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. 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. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's approach to capital management during the nine months ended March 31, 2024. The Company is not subject to externally imposed capital requirements.

7. ACQUISITION OF BARU EXPLORAÇÃO MINERAL LTDA.

On July 28, 2023, the Company completed the acquisition of 100% of the share capital of Baru, a Brazilian-based exploration company, for US$10,000 ($13,663) and the issuance of 200,000 common shares of the Company (issued during the year ended June 30, 2022 and valued at $30,000).

Management has concluded that the transaction will be accounted for as an asset acquisition and not as a business combination, as based on the stage of the properties, it does not meet the definition of a business pursuance to IFRS 3 *Business Combinations*.

(Unaudited – Expressed in Canadian Dollars)

7. ACQUISITION OF BARU EXPLORAÇÃO MINERAL LTDA. – continued

The fair values of identifiable assets and liabilities as at the date of acquisition were:

Consideration		
Cash	$	13,663
Equity (200,000 common shares)		30,000
	$	43,663

		Fair value
Recognized amounts of identifiable assets acquired and liabilities assumed		
Financial assets	$	-
Financial liabilities		-
		-
Exploration and evaluation assets on acquisition		43,663
	$	43,663

8. EXPLORATION AND EVALUATION ASSETS

a) Surge Root Project

Surge

On February 18, 2022, the Company entered into an agreement to earn a 100% interest in the Surge property, located in the Patricia Mining District in Ontario. Under the terms of the agreement, the Company must make payments as follows:

- Cash payment of $20,000 (paid) and issuance of 160,000 common shares of the Company (issued and valued at $20,000) on signing of the agreement;
- Cash payment of $25,000 on or before February 18, 2023 (paid);
- Cash payment of $5,000 for extending the February 18, 2023 payment date to May 15, 2023 (paid);
- Cash payment of $30,000 on or before February 18, 2024 (paid); and
- Cash payment of $35,000 on or before February 18, 2025.

The Company was also required to incur exploration expenditures of $60,000 on or before February 18, 2023 (incurred).

The vendors retain a 1.5% net smelter return royalty (“NSR”) on the property. The Company may purchase 0.5% of the NSR for $800,000.

Surge Extension

On November 30, 2023, the Company entered into an agreement to acquire additional claims for $9,500. The vendor of the additional claims retains a 1.5% NSR on the additional claims. The Company may purchase 0.5% of the NSR for $500,000.

8. EXPLORATION AND EVALUATION ASSETS – continued

a) Surge Root Project – continued

Root Bay North

On December 22, 2023, the Company entered into an agreement to earn a 100% interest in the Root Bay North property. Under the terms of the agreement, the Company must make payments as follows:

- Cash payment of $9,000 (paid);
- Issuance of 300,000 common shares of the Company (issued and valued at $42,000) within five business days of TSX-V approval;
- Cash payment of $15,000 on or before December 22, 2024;
- Cash payment of $21,000 on or before December 22, 2025; and
- Cash payment of $30,000 on or before December 22, 2026.

The vendors retain a 1.5% NSR on the property. The Company may purchase 0.5% of the NSR for $500,000.

Root Falls

On December 22, 2023, the Company entered into an agreement to earn a 100% interest in the Root Falls property. Under the terms of the agreement, the Company must make payments as follows:

- Cash payment of $12,000 (paid);
- Issuance of 600,000 common shares of the Company (issued and valued at $84,000) within five business days of TSX-V approval;
- Cash payment of $18,000 on or before December 22, 2024;
- Cash payment of $21,000 on or before December 22, 2025; and
- Cash payment of $36,000 on or before December 22, 2026.

The vendors retain a 1.5% NSR on the property. The Company may purchase 0.5% of the NSR for $600,000.

b) Perrigo Lake Property

On August 13, 2021, the Company entered into an agreement to earn a 100% interest in the Perrigo Lake property, located in the Red Lake Mining Division in Ontario. Under the terms of the agreement, the Company must make payments as follows:

- Cash payment of $18,000 on signing of the agreement (paid);
- Issuance of 48,000 common shares of the Company (issued and valued at $9,000) within five days of TSX-V approval;
- Cash payment of $20,000 (paid) and issuance of 48,000 common shares of the Company (issued and valued at $6,000) on or before September 9, 2022;
- Cash payment of $28,000 (paid) on or before September 9, 2023; and
- Cash payment of $30,000 on or before September 9, 2024.

The vendors retain a 1.75% NSR on the property. The Company may purchase 0.5% of the NSR for $600,000. The remaining 1.25% NSR is subject to a pre-existing agreement with an arm's length third party.

8. EXPLORATION AND EVALUATION ASSETS – continued

c) Valk Property

On March 31, 2019, the Company finalized an asset purchase agreement to acquire a 100% interest in the Valk property, located in the Nanaimo Mining Division in British Columbia. The agreement was amended on February 7, 2020 and subsequently on November 2, 2020.

The Company acquired a 100% interest in the property by making the following cash payments and share issuances:

- Cash payment of $50,000 (paid in September 2019);
- Cash payment of $100,000 (paid in November 2020);
- Issuance of 600,000 common shares of the Company (issued in September 2019); and
- Issuance of 400,000 common shares of the Company (issued in November 2020).

The Company entered into a finder's fee agreement on February 13, 2019, which was further amended on October 26, 2020 (the "Finder's Agreement"). Pursuant to this Finder's Agreement, the Company made a payment of $5,000 cash, issued 60,000 common shares (issued in September 2019) and made a final payment of $5,000 cash (paid in November 2020).

The Company has granted a 2% NSR, which is effective on all future production from the Valk property. The Company may repurchase 1% of the NSR for $1,500,000.

d) Brazil Properties

On December 1, 2021, the Company agreed to acquire 100% of the issued and outstanding shares of Baru, a Brazilian-based exploration company, for US$10,000 and the issuance of 200,000 common shares of the Company (issued as at June 30, 2022). The transaction closed on July 28, 2023, see note 7.

Pompeia East

On September 4, 2020, Baru acquired through staking three tenements within the Ouro Preto district, Minas Gerais, Brazil. The tenements are collectively known as the Pompeia East Properties.

Energia

On September 22, 2022, Baru acquired through staking four tenements within the Eastern Brazilian Pegmatite province, Minas Gerais, Brazil. The tenements are collectively known as the Energia Lithium Properties.

Borborema

On December 6, 2022, Baru acquired through staking seven tenements within the Borborema Pegmatite province, Rio Grande do Norte, Brazil. The tenements are collectively known as the Borborema Lithium Properties.

Exploration costs of $45,385 incurred in fiscal 2023 relating to the Brazil properties were expensed to pre-exploration and evaluation costs.

8. EXPLORATION AND EVALUATION ASSETS – continued

e) Raggy Creek, Aerial Lake and Cathy Creek Properties

On December 22, 2023, the Company entered into an agreement to earn a 100% interest in the Raggy Creek, Aerial Lake and Cathy Creek properties. Under the terms of the agreement, the Company must make payments as follows:

- Cash payment of $30,000 (paid);
- Issuance of 900,000 common shares of the Company (issued and valued at $126,000) within five business days of TSX-V approval;
- Cash payment of $36,000 on or before December 22, 2024;
- Cash payment of $54,000 on or before December 22, 2025; and
- Cash payment of $84,000 on or before December 22, 2026.

The vendors retain a 1.5% NSR on the property. The Company may purchase 0.5% of the NSR for $500,000.

f) Pringle Lake Property

On February 25, 2021, the Company signed a property acquisition agreement to acquire a 100% interest in the Pringle Lake property, located in the Red Lake Mining Division in Ontario.

The Company was required to make payments as follows:

- Cash payment of $18,000 (paid) on signing of the agreement;
- Issuance of 36,000 common shares of the Company (issued and valued at $7,650) within five days of TSX-V approval;
- Cash payment of $24,000 (paid) and issuance of 48,000 shares of the Company (issued and valued at $6,000) on or before February 24, 2022;
- Cash payment of $30,000 on or before February 24, 2023; and
- Cash payment of $30,000 on or before February 24, 2024.

The vendors would retain a 1.5% NSR. The Company could purchase one-half of the NSR for $600,000.

The Company announced the termination of the option agreement for the Pringle Lake property. Consequently, the Pringle Lake property assets were written off to $nil during the year ended June 30, 2023.

g) Upper Red Lake Property

On February 25, 2021, the Company signed a property acquisition agreement to acquire a 100% interest in the Upper Red Lake property, located in the Red Lake Mining Division in Ontario.

8. EXPLORATION AND EVALUATION ASSETS – continued

g) Upper Red Lake Property – continued

The Company was required to make payments as follows:

- Issuance of $62,500 in common shares of the Company (issued 438,596 common shares) based on the daily volume weighted average price ("VWAP") of the Company's shares for the 14-day period preceding the execution of the related letter of intent;
- Issuance of $125,000 in common shares of the Company on or before February 4, 2022 based on the VWAP of the Company's shares for the 14-day period preceding either 1) execution of the first anniversary date; or 2) an accelerated date to be determined at the sole discretion of the Company. On February 3, 2022, in exchange for the issuance of an additional 90,909 common shares valued at $12,500, the vendor agreed to extend the required common share issue date by six months, and subsequently extended this date by an additional six months, in exchange for the issuance of an additional 100,000 common shares valued at $11,250. At the extended due date of February 4, 2023, the Company did not exercise this term of the agreement; and
- Issuance of $150,000 in common shares of the Company on or before February 4, 2023, based on the VWAP of the Company's shares for the 14-day period preceding either 1) execution of the second anniversary date; or 2) an accelerated date to be determined at the sole discretion of the Company.

The Company was also required to incur exploration expenditures of $35,000 on or before October 7, 2022 (incurred).

The vendors would retain a 1.5% NSR.

The Company announced the termination of the option agreement for the Upper Red Lake property. Consequently, the Upper Red Lake property assets were written off to $nil during the year ended June 30, 2023.

(Unaudited – Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS – continued

The Company has incurred the following acquisition and exploration expenditures as at March 31, 2024 and June 30, 2023:

	Surge Root Project	Perrigo Lake	Raggy Creek, Ariel Lake and Cathy Lake	Valk Project	Brazil Properties	Pringle Lake	Upper Red Lake	Total
Acquisition Costs								
Balance, June 30, 2022	**$ 40,000**	**$ 27,000**	**$ -**	**$ 342,500**	**$ -**	**$ 55,650**	**$ 76,740**	**$ 541,890**
Cash payments	32,500	20,000	-	-	-	-	-	52,500
Shares issued for exploration and evaluation assets	-	6,000	-	-	-	-	11,250	17,250
Asset write-off	-	-	-	-	-	(55,650)	(87,990)	(143,640)
Balance, June 30, 2023	**72,500**	**53,000**	**-**	**342,500**	**-**	**-**	**-**	**468,000**
Cash payments	60,500	28,000	30,000	-	-	-	-	118,500
Share payments	126,000	-	126,000	-	-	-	-	252,000
Acquisition of Baru	-	-	-	-	43,663	-	-	43,663
Claim costs	-	65,400	-	-	5,037	-	-	70,437
Balance, March 31, 2024	**$ 259,000**	**$ 146,400**	**$ 156,000**	**$ 342,500**	**$ 48,700**	**$ -**	**$ -**	**$ 952,600**
Exploration Costs								
Balance, June 30, 2022	**$ 41,670**	**$ 45,738**	**$ -**	**$ 210,716**	**$ -**	**$ 35,374**	**$ 111,023**	**$ 444,521**
Food and lodging	3,712	-	-	-	-	-	-	3,712
Transportation	4,967	-	-	-	-	-	-	4,967
Equipment rentals and consumables	3,477	-	-	-	-	-	-	3,477
Geophysics	22,400	-	-	-	-	-	935	23,335
Geological	11,801	2,500	-	-	-	2,500	2,500	19,301
Asset write-off	-	-	-	-	-	(37,874)	(114,458)	(152,332)
Balance, June 30, 2023	**88,027**	**48,238**	**-**	**210,716**	**-**	**-**	**-**	**346,981**
Geological	141,250	-	-	-	-	-	-	141,250
First Nations activity	23,400	-	-	-	-	-	-	23,400
Balance, March 31, 2024	**$ 252,677**	**$ 48,238**	**$ -**	**$ 210,716**	**$ -**	**$ -**	**$ -**	**$ 511,631**
Total exploration and evaluation assets as at June 30, 2023	**$ 160,527**	**$ 101,238**	**$ -**	**$ 553,216**	**$ -**	**$ -**	**$ -**	**$ 814,981**
Total exploration and evaluation assets as at March 31, 2024	**$ 511,677**	**$ 194,638**	**$ 156,000**	**$ 553,216**	**$ 48,700**	**$ -**	**$ -**	**$ 1,464,231**

(Unaudited – Expressed in Canadian Dollars)

9. LOAN PAYABLE

On September 18, 2023, the Company entered into a bridge loan agreement with a private company to borrow up to $40,000. The loan is unsecured and bears interest at a rate of 10% per annum. The maturity of the loan is the earlier of i) March 18, 2024; and ii) the date the Company closes a financing resulting in gross proceeds equal to or greater than $1,000,000.

In connection with the bridge loan agreement, the Company issued 320,000 non-transferable warrants on October 20, 2023 to the lender. Each warrant entitles the holder to acquire one common share in the capital of the Company at a price of $0.125 until October 20, 2024. The warrants qualify as a loan bonus under the policies of the TSX-V.

The Company allocated the proceeds of the loan on a pro-rata basis using a fair value of $64,536 for the warrants and a fair value of $38,625 for the loan. The fair value of the warrants was estimated using the Black-Scholes option pricing model with a volatility of 157%, risk-free interest rate of 5.18%, dividend rate of 0% and expected life of 1 year. The discount rate used for the fair value of the loan was 20%.

A summary of the Company's loan payable balance as at March 31, 2024 and June 30, 2023 is as follows:

	March 31, 2024	June 30, 2023
Opening balance	$ -	$ -
Advances received	40,000	-
Fair value allocated to warrants	(25,023)	-
Interest accretion	25,644	-
Repayments	(40,621)	-
Closing balance	$ -	$ -

10. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel include the directors, chief executive officer and chief financial officer, who have the authority and responsibility for planning, directing and controlling the activities of the Company.

(Unaudited – Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS – continued

These amounts of key management compensation are included in the amounts shown in profit or loss for the nine months ended March 31, 2024 and 2023:

	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Short-term compensation		
Consulting fees	$ 50,000	$ -
Exploration and evaluation asset expenditures	50,000	-
Professional fees	20,000	-
	120,000	-
Share-based payments	124,637	-
	$ 244,637	-

As at March 31, 2024, the Company has outstanding amounts payable to officers and directors of the Company of $7,875 (June 30, 2023 - $nil).

11. SHAREHOLDERS' EQUITY

a) Authorized

An unlimited number of common shares without par value

b) Issued and outstanding

During the nine months ended March 31, 2024:

On December 21, 2023 and January 2, 2024, Company closed a non-brokered private placement in two tranches totalling 11,780,000 units at a price of $0.10 per unit for gross proceeds of $1,178,000. Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable into one additional common share at a price of $0.15 for a period of two years from closing. The Company incurred share issuance costs of $32,759.

On January 25, 2024, the Company issued 300,000 common shares valued at $42,000 as part of the Surge Root Project – Root Bay North agreement (note 8(a)), 600,000 common shares valued at $84,000 as part of the Surge Root Project – Root Falls agreement (note 8(a)), and 900,000 common shares valued at $126,000 as part of the Raggy Creek, Aerial Lake and Cathy Creek Properties agreement (note 8(e)).

During the year ended June 30, 2023:

On August 12, 2022, the Company issued 48,000 common shares valued at $6,000 as part of the Perrigo Lake agreement (note 8(b)).

On November 2, 2022, the Company issued 100,000 common shares valued at $11,250 as part of the Upper Red Lake agreement (note 8(g)).

(Unaudited – Expressed in Canadian Dollars)

11. SHAREHOLDERS' EQUITY – continued

c) Warrants

A summary of the Company's outstanding and exercisable warrants as at March 31, 2024 and June 30, 2023 are as follows:

	Nine Months Ended March 31, 2024		**Year Ended June 30, 2023**	
	Number of Warrants	Weighted Average Exercise Price $	Number of Warrants	Weighted Average Exercise Price $
Balance, beginning of period	3,432,000	0.38	3,566,400	0.38
Issued	12,100,000	0.15	-	-
Expired	(3,432,000)	0.38	(134,400)	0.38
Balance, end of period	12,100,000	0.15	3,432,000	0.38

The following warrants were outstanding and exercisable at March 31, 2024:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price $	Warrants
October 20, 2024	0.56	0.125	320,000
December 21, 2025	1.73	0.15	7,530,000
January 2, 2026	1.76	0.15	4,250,000
	1.71	0.15	12,100,000

d) Escrowed shares

Pursuant to an escrow agreement dated August 30, 2017 (the "Escrow Agreement") between the Company and certain shareholders of the Company, 800,000 common shares (the "CPC Escrowed Shares"), being all of the issued and outstanding common shares prior to the completion of the IPO, and pursuant to an escrow agreement dated October 6, 2020, 4,440,000 common shares (the "VS Escrowed Shares") were deposited in escrow.

Pursuant to the Escrow Agreement, the CPC Escrowed Shares and the VS Escrowed Shares were released pro-rata to the shareholders as to 10% upon issuance of notice of final acceptance of the Qualifying Transaction and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. As at March 31, 2024, there are no common shares (June 30, 2023 - 786,000) remaining in escrow.

(Unaudited – Expressed in Canadian Dollars)

12. SHARE-BASED PAYMENTS

Stock options

The Company has adopted a rolling incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed 10% of the then issued and outstanding common shares. The options will be exercisable for a period of up to ten years. In addition, the number of common shares reserved for issuance to any one person shall not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed 2% of the issued and outstanding common shares. The Board of Directors will determine the price per common share and the number of common shares that may be allocated to each director, officer, employee and consultant, and all other terms and conditions of the option, subject to the rules of TSX-V.

A summary of the Company's outstanding and exercisable stock options as at March 31, 2024 and June 30, 2023 are as follows:

	Nine Months Ended March 31, 2024		**Year Ended June 30, 2023**	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance, beginning of period	720,000	0.25	920,000	0.30
Granted	2,300,000	0.15	-	-
Expired	(520,000)	0.25	(200,000)	0.53
Balance, end of period	2,500,000	0.16	720,000	0.25

Stock options outstanding and exercisable as at March 31, 2024 are as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price $	Stock Options
May 18, 2024	0.13	0.25	200,000
January 19, 2027	2.81	0.15	2,300,000
	2.59	0.16	2,500,000

(Unaudited – Expressed in Canadian Dollars)

13. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration and development. The Company's reportable segments are summarized as follows:

Geographical segment

Non-current Assets	**Canada**	**Brazil**	**Total**
March 31, 2024	$ 1,415,531	$ 48,700	$ 1,464,231
June 30, 2023	$ 814,981	$ -	$ 814,981

14. SUBSEQUENT EVENT

On May 9, 2024, the Company closed a non-brokered private placement of 21,050,000 units at a price of $0.10 per unit for gross proceeds of $2,105,000. Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable into one additional common share at a price of $0.15 for a period of two years from closing.