# <u>VISIONARY METALS CORP.</u>

**<u>(Formerly Visionary Gold Corp.)</u>**

## Condensed Consolidated Interim Financial Statements

## (Unaudited)

## For the six months ended December 31, 2023


Visionary Metals Corp.
Suite 407 – 325 Howe Street
Vancouver, British Columbia, Canada V6C 1Z7

Trading Symbol: VIZ
Telephone: 604-687-3520
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**NOTICE OF NO AUDITOR REVIEW OF**
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATMENTS**

In accordance with 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 an auditor has not reviewed the financial statements.

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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**VISIONARY METALS CORP. (formerly Visionary Gold Corp.)**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**
**(Expressed in Canadian dollars)**

| | Note | December 31, 2023 (Unaudited) | June 30, 2023 (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash | | $ 296,758 | $ 656,818 |
| Other receivable | | 19,203 | 6,796 |
| Prepaid expenses and deposits | 11 | 142,248 | 116,980 |
| | | 458,209 | 780,594 |
| **Non-current** | | | |
| Reclamation and environmental bonds | 4 | 178,249 | 67,222 |
| Exploration and evaluation assets | 4 | 3,658,796 | 2,175,250 |
| | | 3,837,045 | 2,242,472 |
| | | $ 4,295,254 | $ 3,023,066 |
| **LIABILITIES** | | | |
| **Current** | | | |
| Accounts payable and accrued liabilities | 5,10 | $ 315,566 | $ 218,140 |
| Loan payable | 6,8(b),10 | - | 191,980 |
| | | 315,566 | 410,120 |
| **Non-current** | | | |
| Decommissioning obligation | 7 | 52,116 | 52,116 |
| Restoration provision | 4 | 4,005 | 4,005 |
| | | 56,121 | 56,121 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 8 | 14,779,161 | 13,074,596 |
| Contributed surplus | 8 | 3,258,879 | 3,156,331 |
| Accumulated other comprehensive income | | 69,578 | 92,015 |
| Deficit | | (14,184,051) | (13,766,117) |
| | | 3,923,567 | 2,556,825 |
| | | $ 4,295,254 | $ 3,023,066 |

**Nature of Operations and Going Concern (Note 1)**

These consolidated financial statements were authorized for issue by the board of directors of the Company on February 29, 2024. They are signed on the Company's behalf by:

| | |
|---|---|
| ***"John Kanderka"*** | ***"Wes Adams"*** |
| John Kanderka, Director | Wes Adams, Director |

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

**VISIONARY METALS CORP. (formerly Visionary Gold Corp.)**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**
**(Expressed in Canadian dollars; Unaudited)**

| | Note | For the three months ended December 31, 2023 | For the three months ended December 31, 2022 | For the six months ended December 31, 2023 | For the six months ended December 31, 2022 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| General and administrative | 9,10 | $ 219,442 | $ 83,517 | $ 320,364 | $ 196,663 |
| Share-based payments | 8(c) | 27,650 | 23,969 | 102,548 | 68,332 |
| | | 247,092 | 107,486 | 422,912 | 264,995 |
| **Other items** | | | | | |
| Interest expense | | (721) | - | (3,870) | - |
| Foreign exchange gain | | 5,722 | 37 | 8,848 | 17,383 |
| Gain on settlement of debt | | - | 21,464 | - | 21,464 |
| | | 5,001 | 21,501 | 4,978 | 38,847 |
| Net (loss) for the period | | (242,091) | (85,985) | (417,934) | (226,148) |
| **Other comprehensive income** | | | | | |
| Items that may be reclassified to profit or loss | | | | | |
| Foreign currency translation adjustment | | (67,907) | (38,458) | (22,437) | 68,308 |
| Total comprehensive loss for the period | | $ (309,998) | $ (124,443) | $ (440,371) | $ (157,840) |
| Basic and diluted loss per share | | $ (0.00) | $ (0.00) | $ (0.00) | $ (0.00) |
| Weighted average number of common shares outstanding | | 148,412,984 | 102,693,563 | 138,681,939 | 100,086,041 |

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

**VISIONARY METALS CORP. (formerly Visionary Gold Corp.)**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**
**(Expressed in Canadian dollars)**

| | Number of shares | Share capital | Shares subscribed | Contributed surplus | Accumulated other comprehensive income (loss) | Deficit | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| **Balance as at June 30, 2022 (Audited)** | 71,945,563 | $ 9,857,403 | $ 817,182 | $ 2,689,639 | $ 64,525 | $ (10,642,083) | $ 2,786,666 |
| Shares issued: | | | | | | | |
| Private placements | 30,748,000 | 1,537,400 | - | - | - | - | 1,537,400 |
| Shares subscribed | - | - | (817,182) | - | - | - | (817,182) |
| Shares issue costs | - | (30,803) | - | - | - | - | (30,803) |
| Share-based compensation | - | - | - | 68,332 | - | - | 68,332 |
| Net loss and comprehensive income | - | - | - | - | 68,308 | (226,148) | (157,840) |
| **Balance as at December 31, 2022 (Unaudited)** | 102,693,563 | 11,364,000 | - | 2,757,971 | 132,833 | (10,868,231) | 3,386,573 |
| Shares issued: | | | | | | | |
| Private placements | 25,126,484 | 1,758,854 | - | - | - | - | 1,758,854 |
| Shares issue costs | - | (48,258) | - | - | - | - | (48,258) |
| Share-based compensation | - | - | - | 398,360 | - | - | 398,360 |
| Net loss and comprehensive income | - | - | - | - | (40,818) | (2,897,886) | (2,938,704) |
| **Balance as at June 30, 2023 (Audited)** | 127,820,047 | 13,074,596 | - | 3,156,331 | 92,015 | (13,766,117) | 2,556,825 |
| Shares issued: | | | | | | | |
| Private placements | 22,190,450 | 1,775,236 | - | - | - | - | 1,775,236 |
| Debt settlement | - | - | - | - | - | - | - |
| Property acquisition | - | - | - | - | - | - | - |
| Shares subscribed | - | - | - | - | - | - | - |
| Shares issue costs | - | (70,671) | - | - | - | - | (70,671) |
| Share-based compensation | - | - | - | 102,548 | - | - | 102,548 |
| Net loss and comprehensive income | - | - | - | - | (22,437) | (417,934) | (440,371) |
| **Balance as at December 31, 2023 (Unaudited)** | **150,010,497** | **$ 14,779,161** | **-** | **$ 3,258,879** | **$ 69,578** | **$ (14,184,051)** | **$ 3,923,567** |

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

**VISIONARY METALS CORP. (formerly Visionary Gold Corp.)**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**
**(Expressed in Canadian dollars; Unaudited)**

| | Note | For the six months ended December 31, 2023 | 2022 |
|---|---|---|---|
| **Cash provided by (used in):** | | | |
| **Operating activities** | | | |
| Net loss and comprehensive loss | | $ (417,934) | $ (226,148) |
| Items not involving cash: | | | |
| Share-based payments | 8(c) | 102,548 | 68,332 |
| Gain on settlement of debt | | - | (21,464) |
| Interest expense | | 12,558 | - |
| Foreign exchange (gain)/ loss | | (6,349) | (17,382) |
| Changes in non-cash working capital related to operating activities | | (77,708) | 49,464 |
| Cash used in operating activities | | (386,886) | (147,198) |
| **Investing activities** | | | |
| Additions to exploration and evaluation assets | 4 | (1,346,087) | (1,611,820) |
| Reclamation and environmental bonds | 4 | (113,526) | - |
| Cash used in investing activities | | (1,459,613) | (1,611,820) |
| **Financing activities** | | | |
| Loans received | 6 | - | 331,388 |
| Proceeds from issuance of shares | 8(b) | 1,566,732 | 705,796 |
| Share issue costs | 8(b) | (70,671) | (16,381) |
| Cash provided by financing activities | | 1,496,061 | 1,020,803 |
| **Net decrease in cash** | | (350,437) | (738,215) |
| Effect of exchange rate changes on cash | | (9,623) | 82,686 |
| **Cash - beginning of the period** | | 656,818 | 676,889 |
| **Cash - end of the period** | | $ 296,758 | $ 21,360 |
| **Supplemental Cash Flow information** | | | |
| Non-cash investing and financing activities: | | | |
| Exploration and evaluation assets in accounts payable | | $ 275,125 | $ 198,504 |
| Shareholder loans settled by issuance of common shares | | 191,980 | - |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Visionary Metals Corp. (formerly Visionary Gold Corp.) (the "**Company**" or "**Visionary**") was incorporated on August 14, 2000 under the *Business Corporations Act* (British Columbia) and trades on the TSX Venture Exchange under the symbol "VIZ". The Company changed its name from Visionary Gold Corp. to Visionary Metals Corp., effective on July 10, 2023. Its registered office is 4th Floor, Unit #407, 325 Howe Street, Vancouver, BC V6C 1Z7.

The Company is a junior exploration company and is focused on acquiring and developing projects.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") applicable to a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company incurred a net loss of $417,934 for the six months ended December 31, 2023 (year ended June 30, 2023 – $3,124,034). To date, the Company has not earned significant revenues and has accumulated losses of $14,184,051. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain necessary equity or other financing to continue operations, and/or to attain sufficient profitable operations.

There are material uncertainties that may cast significant doubt about the appropriateness of the going concern assumption. The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both curtail expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. The outcome of these matters cannot be predicted at the present time. These factors indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Due to the unfolding crisis in the Ukraine the Company may be exposed to new risks and uncertainties. In our case this is mainly a capital markets risk relating to financing and to lesser extent potential higher energy related costs.

These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. If the going concern basis was not appropriate for these condensed consolidated interim financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance with IFRS

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance and compliance with International Accounting Standards 34 "Interim Financial Reporting" ("**IAS 34**") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee.

### (b) Basis of preparation and measurement

Depending on the applicable IFRS requirements, the measurement basis used in the preparation of the condensed consolidated interim financial statements is cost, net realizable value, fair value or recoverable amount. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

## 3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended June 30, 2023.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2023. 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 December 31, 2023 are not necessarily indicative of the results that may be expected for the current fiscal year ending June 30, 2024.

## 4. EXPLORATION AND EVALUATION ASSETS

Majuba Hill

On September 20, 2020, the Company signed a Debt Settlement Agreement (the "**DSA**") with regards to its 2017 lease agreement on the Majuba Hill property in Pershing County, North Central Nevada. Pursuant to the DSA, the parties agreed and the Company paid US$50,000 as full and final settlement.

As a result of ceasing activities on the Majuba Hill property, the Company is required to restore the site. The Company has recorded a provision for disposal costs of $4,005 (December 31, 2022 - $4,005).

As of December 31, 2023, the Company had a reclamation bond of $6,179 (US$4,672) with the Bureau of Land Management (December 31, 2023 - $6,328 (US$4,672)). On September 23, 2020, the Company engaged a consultant to commence reclamation work at Majuba Hills in October 2020 and the reclamation work has been completed at a cost of US$8,500. Further work is being undertaken to establish vegetation at the site, which is estimated to take three to four years.

Wolf Gold Project

On September 4, 2020 (the "**Effective Date**"), the Company, through its wholly-owned subsidiary Lost Creek Corporation ("**LCC**"), entered into a lease assignment agreement (the "**LAA**") with a private company ("**GLM**") located in the state of Wyoming, whereby GLM agreed to assign to LCC and LCC agreed to assume from GLM all of GLM's rights, title, interests, obligations and liabilities in and under two leases, dated June 12, 2020 and July 6, 2020, with the lessors. Pursuant to the LAA and a subsequent amendment:

- LCC will pay GLM annual payments of US$30,000 on execution of the LAA (paid) and US$40,000 (paid) on each anniversary of the Effective Date through termination, expiration or reassignment of the leases. These annual payments will be credited against royalty payment obligations and toward the royalty buy-out. LCC is under no obligation to make the annual payments from and after the date LCC ceases production, exploration or development of the property and its activities on the property are for reclamation only or upon LCC's exercise of the option, upon reassignment or upon expiration or termination of the underlying lease(s).
- LCC will pay to GLM a 2% Net Smelter Returns royalty on the production and sale of minerals from the property. Within five years from the Effective Date, LCC has the option, but not the obligation, to purchase the royalty for US$2 million, minus all prior annual payments.
- If LCC fails to exercise the royalty buy-out, it will have the option to reassign the leases to GLM and GLM may, in its discretion, elect to assume all of LCC's right, title and interest in the leases. Upon reassignment, LCC will have no further obligations regarding leases or the LAA, including no obligation to make the annual payments or the royalty payment to GLM.
- If the lessor wishes to sell, grant, assign, convey, encumber, license, pledge or otherwise commit, dispose or transfer all or any portion of its interest in the claims, the property, the LAA or the production royalty payments, then the lessor will first offer such interest to LCC.

During the year ended June 30, 2022, the Company elected not to continue the LAA, and wrote-off all deferred costs incurred.

## 4. EXPLORATION AND EVALUATION ASSETS *(continued)*

Wolf Gold Project *(continued)*

On March 23, 2021, the Company entered into a mining lease agreement with an option to buy (the "**Agreement**") certain mining claims in Fremont County, Wyoming, which consists of three unpatented mining claims. The initial term of the Agreement was to expire on March 23, 2026, subject to the option of the Company to extend the expiry date for a further five-year period. Pursuant to the Agreement:

- The Company will pay to the lessor the sum of US$30,000 upon execution (paid) and each year during the term of the Agreement and has an option to buy the property for US$3,000,000 at any point during the term of the Agreement;
- During the term of the Agreement, a 4% net smelter returns royalty is payable to the current owners of the property with the right to buy down the royalty to 2% for US$2,000,000 per percentage point; and
- The Company can terminate the Agreement at any time, without penalty.

During the year ended June 30, 2022, the Company elected not to continue the Agreement, and wrote-off all deferred costs incurred.

On May 8, 2021, the Company entered into a purchase and sale agreement with Innovation Exploration Ventures LLC and an individual to acquire certain mining claims and data for $99,000 with the issuance of 550,000 common shares (issued) of the Company (a "**Common Share**") at a deemed price of $0.18 per share.

As of December 31, 2023, the Company had a refundable environmental bond of $54,227 (US$41,000) (June 30, 2023 - $52,833 (US$41,000)).

During the year ended June 30, 2023, the Company elected not to continue the Wolf Gold Project, and the deferred costs incurred to date were impaired to a nominal amount.

On May 8, 2021, the Company entered into a purchase and sale agreement with Innovation Exploration Ventures LLC and an individual to acquire certain mining claims and data for $99,000 (paid) with the issuance of 550,000 Common Shares of the Company at a deemed price of $0.18 per share.

As of December 31, 2023, the Company had remaining $1 (June 30, 2023 - $1) in exploration and evaluation expenditures after writing off all deferred costs of the Wolf Gold Project.

(Expressed in Canadian dollars; Unaudited)

## 4. EXPLORATION AND EVALUATION ASSETS *(continued)*

Black Rock Gold-Copper Prospect/ Tin Cup Copper Prospect/ King Solomon Nickel and Cobalt Prospect

During the year ended June 30, 2023, the Company staked a new project specializing in exploration of gold and copper, known as the Black Rock Gold-Copper Prospect ("**Black Rock**") in Jeffrey City, Wyoming. The Company also staked the Tin Cup Copper Prospect ("**Tin Cup**") specializing in exploration of copper, and King Solomon Nickel and Cobalt Prospect ("**King Solomon Projects**") specializing in exploration of nickel and cobalt that located at the west-northwest of Black Rock for a total amount of $2,350 during the year ended June 30, 2023.

As of December 31, 2023, the Company had a refundable environmental bond of $117,844 (US$89,100) (June 30, 2023 - $6,752 (US$5,100)).

As of December 31, 2023, the Company had capitalized $3,658,795 (June 30, 2023 - $2,175,249) in exploration and evaluation expenditures related to the Black Rock, Tin Cup, and King Solomon Projects.

A summary of exploration and evaluation assets is as follows:

| | Wolf Gold Project | Black Rock/Tin Cup/King Solomon Project | Total |
|---|---|---|---|
| **Balance at June 30, 2023** | **$ 1** | **$ 2,175,249** | **$ 2,175,250** |
| **Additions during the period** | | | |
| Acquisition and holding costs: | | | |
| Staking | - | 46,276 | 46,276 |
| | - | 46,276 | 46,276 |
| Exploration expenditures: | | | |
| Equipment Rental | - | 52,725 | 52,725 |
| Claim fees and licenses | - | 88,938 | 88,938 |
| Assays | - | 114,192 | 114,192 |
| Camp and field costs | - | 62,718 | 62,718 |
| Drilling | - | 509,492 | 509,492 |
| Fuel | - | 53,308 | 53,308 |
| Geological supplies | - | 94,839 | 94,839 |
| Geology | - | 208,284 | 208,284 |
| Sampling | - | 30,835 | 30,835 |
| Geophysics | - | 90,732 | 90,732 |
| Environmental consulting | - | 7,591 | 7,591 |
| Travel & accomodations | - | 57,315 | 57,315 |
| Field supplies | - | 2,719 | 2,719 |
| Labour | - | 7,766 | 7,766 |
| Consulting | - | 19,878 | 19,878 |
| Report, Drafting and Maps | - | 6,706 | 6,706 |
| Freight | - | 31,165 | 31,165 |
| | - | 1,439,203 | 1,439,203 |
| **Net change** | - | 1,485,479 | 1,485,479 |
| Foreign currency translation | - | (1,933) | (1,933) |
| **Balance at December 31, 2023** | **$ 1** | **$ 3,658,795** | **$ 3,658,796** |

(Expressed in Canadian dollars; Unaudited)

## 5. TRADE PAYABLES

The Company’s trade and other payables are as follows:

| Amounts included in Accounts payables and Accrued liabilities: | | **December 31, 2023** | | **June 30, 2023** |
|---|---|---|---|---|
| Trade payables | $ | 315,566 | $ | 195,817 |
| Accrued liabilities | | - | | 22,323 |
| | $ | 315,566 | $ | 218,140 |

## 6. LOAN PAYABLE

| Amounts included in Loan payable: | | **December 31, 2023** | | **June 30, 2023** |
|---|---|---|---|---|
| A private company of which the Chief Executive Officer of the Company is a shareholder | $ | - | $ | 191,980 |
| Total | $ | - | $ | 191,980 |

During the year ended June 30, 2023, the Company received a loan of $474,286 (US$350,000) from Wes Adams, a director and the CEO, with interest calculated at a rate of 2.0% per annum on any unpaid principal, such interest to be calculated daily in arrears and payable on or before February 10, 2024.

On May 10, 2023, the Company entered into a shares for debt agreement with Mr. Adams to extinguish the Company's outstanding debt, including interest payable, in exchange for the issuance of 6,775,521 units (a "**Unit**") of the Company at a deemed price of $0.07 per Unit, each Unit comprising one Common Shareand one-half of one Common Share purchase warrant (a "**Warrant**"). Each Warrant entitles the warrant holder to acquire one Common Share at a price of $0.14 for a period of 36 months from the respective closing date. The debt was composed of a principal amount of US$350,000, the equivalent of $474,286 on May 10, 2023, and the accrued interest was deemed paid. (Notes 8(b))

During the year ended June 30, 2023, the Company received an additional loan of $191,980 (US$145,000) from a private company of which Wes Adams is a shareholder. The loan payable is unsecured, bearing an annual interest of 6.0%, and has no specific terms of repayment.

On October 16, 2023, the Company completed a shares for debt transaction settling $208,503 of the Company's outstanding indebtedness and interest payable to Wes Adams, a director and the CEO of the Company, by issuing 2,606,295 Units of the Company at a deemed price of $0.08 per Unit, each Unit comprising one Common Share and one-half Warrant. Each Warrant entitles the warrant holder to acquire one Common Share at a price of $0.12 for a period of 36 months from the respective closing date. The debt was composed of a principal amount of US$145,000, the equivalent of $195,946 on October 16, 2023, and the accrued interest of $12,558 at 6% per annum. (Notes 8(b))

## 7. PETROLEUM AND NATURAL GAS PROPERTIES

In March 2011, the Company (the “**farmee**”) entered into a Farmout and Participation Agreement with a private company (the “**farmor**”) in the business of exploring for and producing oil, gas and coal. Pursuant to the agreement, the Company earned the farmor’s pre-farmout 25% working interest in two (test) wells located in Saskatchewan and can earn a 25% working interest if the farmor licenses contingent locations in the farmout and mutual interest lands (as defined). The farmor was appointed the initial operator (“**operator 1**”) of the wells with respect to all operations conducted by both parties. In December 2017, the farmor transferred and conveyed its entire interest in the agreement to another private company (“**operator 2**”) in the business of consolidating undervalued, under-exploited, mature and producing oil and natural gas assets.

(Expressed in Canadian dollars; Unaudited)

## 7. PETROLEUM AND NATURAL GAS PROPERTIES *(continued)*

During the year ended June 30, 2017, the Company changed its focus from oil and gas exploration and production to mineral exploration and, accordingly, wrote off the carrying value of its oil and gas properties. The company continues to hold a 25% working interest in four oil wells and two gas wells (one active oil well, two suspended gas wells and three abandoned oil wells). Operations relating to the active and completed wells are conducted by operator 2 and operations relating to the other wells are conducted by operator 1.

On a monthly basis, the Company receives a joint interest billing from operator 2 for its 25% share of revenue earned and operating expenses incurred. On a periodic basis, the Company receives a joint interest billing from operator 1 for its 25% share of abandonment and reclamation costs incurred and any annual rental obligations. On an annual basis, effective June 30th, the Company obtains an ‘Evaluation of Interests’ report from an independent company specializing in reserves evaluations for oil and gas companies. This report includes a NI 51-101 compliant estimate of the net present value of future net revenue (before income taxes) attributed to the proved plus probable reserves for the active oil well.

During the quarter ended March 31, 2021, by way of a court approved sales and investment solicitation the oil properties were sold to a third party. On February 11, 2021, the Company entered into a Quitclaim, Surrender, Conveyance and Assignment of Interest with respect to three abandoned gas wells and made a payment of $14,566 to satisfy any and all obligations, including decommissioning obligations.

The suspended gas well did not receive any interest from potential buyers and has therefore been sent to the Orphan Well Association of Saskatchewan by the receiver. The active oil well is anticipated to return to production or to be sold to the same third-party buyer.

As of December 31, 2023, $2,331 (December 31, 2021 - $2,331) receivable from operator 2 was included in prepaid expenses and deposits.

The decommissioning obligation is estimated based on the Company’s working interest in wells that have not been reclaimed, the estimated cost to abandon and reclaim the wells and the estimated timing of the costs to be incurred in future periods. The Company estimates the undiscounted cash flows related to its decommissioning obligation is approximately $91,763 (June 30, 2023 - $91,763). The properties that remain subject to decommissioning obligations are the gas well sent to the Orphan Well Association and the active oil well. The fair value of this obligation was calculated using risk free rates between 3.69% to 4.87% (2022 – 0.93% to 1.65%), an inflation rate between 2.39% to 4.00% (2022 – 2.00% to 7.01%) and the expectation of being fully abandoned by 2036. The estimated decommissioning obligation as at June 30, 2023 and 2022 is as follows:

| | | |
|---|---|---|
| Balance, June 30, 2021 | $ | 60,155 |
| Change in estimated decommissioning obligation | | 7,705 |
| Balance, June 30, 2022 and December 31, 2023 | | 67,860 |
| Reclamation costs | | (8,112) |
| Change in estimated decommissioning obligation | | (7,632) |
| Balance, June 30, 2023 and December 31, 2023 | $ | 52,116 |

## 8. SHARE CAPITAL

### a. Authorized

As at December 31, 2023, the authorized share capital was comprised of an unlimited number of Common Shares without par value. These Common Shares have voting rights.

### b. Share issuances

On July 21, 2022, the Company completed a non-brokered private placement by issuing 30,748,000 Units at a price of $0.05 per Unit for gross proceeds of $1,537,400. The first tranche closed on July 15, 2022 by issuing 27,645,000 Units for gross proceeds of $1,382,700 and the second tranche closed on July 21, 2022, by issuing 3,094,000 Units for gross proceeds of $154,700. Each Unit consists of one Common Share and one-half Warrant. Each whole Warrant entitles the holder thereof to acquire one Common Share of the Company at a price of $0.10 for a period of 24 months from the closing dates of each tranche. The Company incurred share issue costs of $31,253 in connection with this financing, of which $14,422 was incurred during the year ended June 30, 2022. The private placement involved subscription receipts of which $831,604 was received during the year ended June 30, 2022.

On May 10, 2023, the Company completed a non-brokered private placement by issuing 18,350,963 Units at $0.07 per Unit for aggregate gross proceeds of $1,284,568. The first tranche closed on April 18, 2023 by issuing 6,115,250 Units for gross proceeds of $428,068 and the second tranche closed on May 10, 2023, by issuing 12,235,713 Units for gross proceeds of $856,500. Each Unit consists of one Common Share and one-half Warrant. Each whole Warrant entitles the holder thereof to acquire one Common Share of the Company at a price of $0.14 for a period of 36 months from the respective closing dates of each tranche. The Company incurred share issue costs of $47,808 in connection with this financing.

On May 10, 2023, the Company completed a shares for debt transaction settling $474,286 of the Company's outstanding indebtedness and interest payable to Wes Adams, a director and the CEO of the Company, by issuing 6,775,521 Units of the Company at a deemed price of $0.07 per Unit. Each Unit consists of one Common Share and one-half Warrant. Each whole Warrant entitles the holder thereof to acquire one Common Share of the Company at a price of $0.14 for a period of 36 months from the closing date (Note 6).

On October 16, 2023, the Company completed a non-brokered private placement by issuing 19,584,155 Units at a price of $0.08 per Unit for gross proceeds of $1,566,732. The first tranche closed on September 22, 2023 by issuing 13,004,750 Units for gross proceeds of $1,040,380, and the second tranche closed on October 16, 2023, by issuing 6,579,405 Units for gross proceeds of $526,352. Each Unit consists of one Common Share and one-half Warrant. Each whole Warrant entitles the holder thereof to acquire one Common Share of the Company at a price of $0.12 for a period of 36 months from the closing dates of each tranche. The Company incurred share issue costs of $70,671 in connection with this financing.

On October 16, 2023, the Company also completed a shares for debt transaction settling $208,503 of the Company's outstanding indebtedness and interest payable to Wes Adams, by issuing 2,606,295 Units of the Company at a deemed price of $0.08 per Unit. Each Unit consists of one Common Share and one-half Warrant. Each whole Warrant entitles the holder thereof to acquire one Common Share of the Company at a price of $0.12 for a period of 36 months from the closing date of the shares for debt transaction

(Expressed in Canadian dollars; Unaudited)

## 8. SHARE CAPITAL *(continued)*

### c. Share Purchase Option Compensation Plan

The Company established a 10% rolling stock option plan whereby the board of directors may from time-to-time grant options to individual eligible directors, officers, employees or consultants. The maximum term of any option is five years. The exercise price of an option is not less than the closing price on the last trading day preceding the grant date, less allowable discounts in accordance with the policies of the Exchange. In connection with the foregoing, the number of Common Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding Common Shares. Options granted under the Stock Option Plan are subject to a vesting schedule whereby 25% of each option will vest on the grant date and 25% will vest on each of the three-month anniversaries of the date of grant, up to and including the end of the first year after such grant, or such other more restrictive vesting schedule as the administrator of the Stock Option Plan may determine.

A continuity of options for the six months ended December 31, 2023 is as follows:

| Expiry date | Exercise price ($) | June 30, 2023 | Issued | Expired | December 31, 2023 |
|---|---|---|---|---|---|
| August 4, 2023 | 0.195 | 1,000,000 | - | (1,000,000) | - |
| September 9, 2024 | 0.065 | 3,895,000 | - | - | 3,895,000 |
| March 16, 2028 | 0.060 | 5,000,000 | - | - | 5,000,000 |
| Options outstanding | | 9,895,000 | - | (1,000,000) | 8,895,000 |
| Options exercisable at December 31, 2023 | | 7,395,000 | - | (1,000,000) | 8,895,000 |
| Weighted average exercise price | | $ 0.076 | $ - | $ 0.195 | $ 0.062 |

The following assumptions were used in the Black Scholes Option Pricing Model to estimate the fair value of the options:

| | December 31, 2023 | June 30, 2023 |
|---|---|---|
| Risk-free interest rate | N/A | 3.58% - 3.61% |
| Expected stock price volatility | N/A | 122% - 149% |
| Expected option life in years | N/A | 2 - 5 |
| Expected dividend in yield | N/A | N/A |
| Forfeiture rate | N/A | N/A |

(Expressed in Canadian dollars; Unaudited)

## 8. SHARE CAPITAL *(continued)*

### c. Share Purchase Option Compensation Plan, *(continued)*

A continuity of options for the year ended June 30, 2022 is as follows:

| Expiry date | Exercise price ($) | June 30, 2022 | Issued | Expired | June 30, 2023 |
|---|---|---|---|---|---|
| December 1, 2022 | 0.085 | 2,955,000 | - | (2,955,000) | - |
| August 4, 2023 | 0.195 | 1,000,000 | - | - | 1,000,000 |
| September 9, 2024 | 0.065 | - | 3,895,000 | - | 3,895,000 |
| March 16, 2028 | 0.060 | - | 5,000,000 | - | 5,000,000 |
| Options outstanding | | 3,955,000 | 8,895,000 | (2,955,000) | 9,895,000 |
| Options exercisable at June 30, 2023 | | 3,955,000 | 6,395,000 | (2,955,000) | 7,395,000 |
| Weighted average exercise price | | $ 0.11 | $ 0.06 | $ 0.085 | $ 0.076 |

The weighted average remaining life of the outstanding options as a December 31, 2023 is 2.67 years (June 30, 2023 – 1.36 years).

### d. Warrants

| Expiry date | Exercise price ($) | June 30, 2023 | Issued | Expired | December 31, 2023 |
|---|---|---|---|---|---|
| July 15, 2024 | 0.10 | 13,827,000 | - | - | 13,827,000 |
| July 21, 2024 | 0.10 | 1,547,000 | - | - | 1,547,000 |
| April 18, 2026 | 0.14 | 3,057,625 | - | - | 3,057,625 |
| May 10, 2026 | 0.14 | 9,505,616 | - | - | 9,505,616 |
| September 22, 2026 | 0.12 | - | 6,502,375 | - | 6,502,375 |
| October 16, 2026 | 0.12 | - | 4,592,851 | - | 4,592,851 |
| | | 27,937,241 | 11,095,226 | - | 39,032,467 |
| Weighted average exercise price | | $ 0.12 | $ 0.12 | $ - | $ 0.12 |

The weighted average remaining life of the outstanding warrants as December 31, 2023 is 1.75 years (June 30, 2023 – 1.86 years).

## 9. GENERAL AND ADMINISTRATIVE EXPENSES

The components of general and administrative expenses are as follows:

| For the six months ended | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Investor relations | $ 160,865 | $ 38,848 |
| Professional fees | 103,351 | 100,196 |
| Regulatory and filing fees | 13,016 | 15,692 |
| Insurance | 17,370 | 20,429 |
| Other | 25,762 | 21,498 |
| | $ 320,364 | $ 196,663 |

(Expressed in Canadian dollars; Unaudited)

## 10. RELATED PARTY TRANSACTIONS

Payments to related parties were made in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand. All outstanding balances are unsecured, and there are no commitments or guarantees associated with the outstanding balances.

Key management personnel compensation includes all compensation paid to executive management and members of the board of directors of the Company.

Related party transactions and liabilities:

| | | Six months ended | | As at | |
|---|---|---|---|---|---|
| | Services / Loans | December 31, 2023 | December 31, 2022 | December 31, 2023 | June 30, 2023 |
| **Amounts due to:** | | | | | |
| Directors & officers | Share-based payments | $ 102,548 | $ 68,332 | $Nil | $Nil |
| A private company of which the Chief Financial Officer of the Company is a shareholder [(a)] | Accounting and management fees | $ 33,500 | $ 36,000 | $ 6,300 | $Nil |
| TOTAL: | | $ 136,048 | $ 104,332 | $ 6,300 | $Nil |
| **Shareholders' loans due to:** | | | | | |
| Director, Chief Executive Officer [(b)] | Shareholder's loan | $Nil | $ 135,000 | $Nil | $Nil |
| A private company of which the Chief Executive Officer of the Company is a shareholder [(b)] | Shareholder's loan | $Nil | $Nil | $Nil | $ 191,980 |
| TOTAL: | | $Nil | $ 135,000 | $Nil | $ 191,980 |

(a) Robert Doyle was appointed as the Chief Financial Officer effective December 1, 2020.
(b) Wes Adams was appointed as the Chief Executive Officer effective December 1, 2020.

## 11. PREPAID EXPENSES AND DEPOSITS

As of December 31, 2023, the Company had $142,248 (June 30, 2023 - $116,980) in prepaid expenses and deposits.

| | December 31, 2023 | June 30, 2023 |
|---|---|---|
| Investor relations | $ 5,000 | $ 5,000 |
| Advisory services | 28,729 | 3,729 |
| Deposits | 108,519 | 108,251 |
| | $ 142,248 | $ 116,980 |

## 12. FINANCIAL INSTRUMENTS

The fair value of the Company's cash, accounts payable and accrued liabilities and shareholders' loans approximate their carrying values due to their current nature.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and commodity price risk.

(a) Currency risk

The Company's property interests in the United States made it subject to foreign currency fluctuations and inflationary pressures which may have adversely affected the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. As at December 31, 2023, accounts payable included accounts totaling approximately US$238,595.

(b) Credit risk

The Company's cash is held in a Canadian financial institution.

On a monthly basis, the Company receives a joint interest billing from operator 2. To the extent that the Company's cumulative share or petroleum revenue exceeds (is less than) the related operating expenses, the Company has a receivable from (a payable to) operator 2. As at December 31, 2023, prepaid expenses and deposits included $2,331 (June 30, 2022- $2,331) receivable from operator 2 (Note 11).

Accordingly, the Company believes it is not exposed to significant credit risk.

(c) 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 manages liquidity risk through the management of its capital structure and periodic financial support from management. Accounts payable and accrued liabilities of $315,566 are due within the current operating year. As at December 31, 2023, the Company had cash of approximately $296,758 to meet these obligations.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt except for loans from a shareholder. During the six months ended December 31, 2023, the Company incurred $3,870 interest expenses in connection with these loans (Note 6).

(e) Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties and the level of spending for future activities. Prices received by the Company for its share of petroleum production are largely beyond the Company's control as oil and gas prices are impacted by world economic events that dictate the levels of supply and demand. A 1% change in price will increase/decrease net income (loss) by an immaterial amount.

The Company did not have any commodity price contracts in place as at or during the six months ended December 31, 2023.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

(Expressed in Canadian dollars; Unaudited)

## 12. FINANCIAL INSTRUMENTS *(continued)*

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The following table sets forth the Company's financial assets classified as subsequently measured at amortized cost as at December 31, 2023 and June 30, 2023.

| As at December 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets: | | | | |
| Cash | $ 296,758 | $ - | $ - | $ 296,758 |
| Reclamation bond | 178,249 | - | - | 178,249 |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 315,566 | $ - | $ - | $ 315,566 |
| Restoration provision | 4,005 | - | - | 4,005 |

| As at June 30, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets: | | | | |
| Cash | $ 656,818 | $ - | $ - | $ 656,818 |
| Reclamation bond | 67,222 | - | - | 67,222 |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 218,140 | $ - | $ - | $ 218,140 |
| Loan payable | 191,980 | - | - | 191,980 |
| Restoration provision | 4,005 | - | - | 4,005 |

There has been no change between levels during the period.

## 13. MANAGEMENT OF CAPITAL RISK

The Company manages its shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral and oil and gas properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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 the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and short-term investments.

(Expressed in Canadian dollars; Unaudited)

## 13. MANAGEMENT OF CAPITAL RISK *(continued)*

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company is not subject to any externally imposed capital restrictions. There has been no change in the Company's capital management during the period.

## 14. SEGMENTED INFORMATION

The Company operates in two industry segments, being petroleum and natural gas production and acquisition and exploration of mineral properties. The Company's assets and liabilities are held within Canada and the USA as follows:

| | | | **December 31, 2023** |
|---|---|---|---|
| | **Canada** | **USA** | **Total** |
| Current assets | $ 327,170 | $ 131,039 | $ 458,209 |
| Exploration and evaluation assets | - | 3,658,796 | 3,658,796 |
| Reclamation bond | 6,179 | 172,070 | 178,249 |
| Total liabilities | $ 370,292 | $ 1,395 | $ 371,687 |

| | | | **June 30, 2023** |
|---|---|---|---|
| | **Canada** | **USA** | **Total** |
| Current assets | $ 563,258 | $ 217,336 | $ 780,594 |
| Exploration and evaluation assets | - | 2,175,250 | 2,175,250 |
| Reclamation bond | 6,186 | 61,036 | 67,222 |
| Total liabilities | $ 265,504 | $ 200,737 | $ 466,241 |