

**79 RESOURCES LTD.**

**Condensed Interim Consolidated Financial Statements**

**For the three months ended March 31, 2024**

**Unaudited - Expressed in Canadian Dollars**

### **NOTICE TO READER**

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

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

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

**79 RESOURCES LTD.**Condensed Interim Consolidated Statements of Financial Position  
(Unaudited - Expressed in Canadian dollars)

|   | <b>March 31,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|---|---------------------------|------------------------------|
| <b>ASSETS</b>                               |                           |                              |
| Current assets                              |                           |                              |
| Cash  | \$ 5,120                  | \$ 23,573                    |
| GST receivable                              | 3,091                     | 2,017                        |
|   | <u>8,211</u>              | <u>25,590</u>                |
| Non-current assets                          |                           |                              |
| Exploration and evaluation assets (Note 3)  | 543,269                   | 543,138                      |
|   | <u>\$ 551,480</u>         | <u>\$ 568,728</u>            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |                           |                              |
| Current liabilities                         |                           |                              |
| Accounts payable and accrued liabilities    | \$ 20,653                 | \$ 15,534                    |
|   | <u>20,653</u>             | <u>15,534</u>                |
| Shareholders' equity                        |                           |                              |
| Share capital (Note 4)                      | 2,900,529                 | 2,900,529                    |
| Reserves (Note 4)                           | 578,328                   | 578,328                      |
| Deficit                                     | (2,948,030)               | (2,925,663)                  |
|   | <u>530,827</u>            | <u>553,194</u>               |
|   | <u>\$ 551,480</u>         | <u>\$ 568,728</u>            |

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

Approved on Behalf of the Board of Directors:

\_\_\_\_\_  
"Ryan Kalt"  
Director

\_\_\_\_\_  
"Brian Hearst"  
Director

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

**79 RESOURCES LTD.**

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

|   | <b>Three months<br/>ended<br/>March 31,<br/>2024</b> | <b>Three months<br/>ended<br/>March 31,<br/>2023</b> |
|---|--|--|
| <b>Expenses</b>   |  |  |
| Consulting fees   | \$ 8,625   | \$ 8,625   |
| Office and miscellaneous  | 1,277  | 66   |
| Professional fees (Note 5)  | 7,500  | 7,500  |
| Regulatory and filing fees  | 4,965  | 5,270  |
| Loss for the Period   | <u>\$ (22,367)</u>                                   | <u>\$ (21,461)</u>                                   |
| Loss Per Share, Basic and Diluted                                 | \$ (0.00)  | \$ (0.00)  |
| Weighted Average Common Shares Outstanding<br>(basic and diluted) | 20,436,400   | 20,436,400   |

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

**79 RESOURCES LTD.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
(Unaudited - Expressed in Canadian dollars)

|                                     | Share Capital     |                     | Share-Based Payment Reserve | Deficit               | Shareholders' Equity |
|-------------------------------------|-------------------|---------------------|-----------------------------|-----------------------|----------------------|
|                                     | Shares            | Amount              |                             |                       |                      |
| <b>Balance at December 31, 2022</b> | <b>20,436,400</b> | <b>\$ 2,900,529</b> | <b>\$ 518,079</b>           | <b>\$ (2,763,630)</b> | <b>\$ 654,978</b>    |
| Loss for the period                 | -                 | -                   | -                           | (21,461)              | (21,461)             |
| <b>Balance at March 31, 2023</b>    | <b>20,436,400</b> | <b>\$ 2,900,529</b> | <b>\$ 518,079</b>           | <b>\$ (2,785,091)</b> | <b>\$ 633,517</b>    |
| Share-based payments                | -                 | -                   | 60,249                      | -                     | 60,249               |
| Loss for the period                 | -                 | -                   | -                           | (140,572)             | (140,572)            |
| <b>Balance at December 31, 2023</b> | <b>20,436,400</b> | <b>\$ 2,900,529</b> | <b>\$ 578,328</b>           | <b>\$ (2,925,663)</b> | <b>\$ 553,194</b>    |
| Loss for the period                 | -                 | -                   | -                           | (22,367)              | (22,367)             |
| <b>Balance at March 31, 2024</b>    | <b>20,436,400</b> | <b>\$ 2,900,529</b> | <b>\$ 578,328</b>           | <b>\$ (2,948,030)</b> | <b>\$ 530,827</b>    |

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

**79 RESOURCES LTD.**

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

|  | <b>Three months<br/>ended<br/>March 31,<br/>2024</b> | <b>Three months<br/>ended<br/>March 31,<br/>2023</b> |
|--|--|--|
| <b>CASH FLOWS USED IN OPERATING ACTIVITIES</b> |  |  |
| Loss for the period                            | \$ (22,367)  | \$ (21,461)  |
| Net change in non-cash working capital items:  |  |  |
| GST receivable                                 | (1,074)  | (1,070)  |
| Accounts payable and accrued liabilities       | 5,119  | 651  |
| Net cash used in operating activities          | <u>(18,322)</u>                                      | <u>(21,880)</u>                                      |
| <b>CASH FLOWS USED IN INVESTING ACTIVITIES</b> |  |  |
| Exploration and evaluation expenditures        | <u>(131)</u>   | <u>(1,951)</u>                                       |
| Net cash used in investing activities          | <u>(131)</u>   | <u>(1,951)</u>                                       |
| <b>Change in cash during the period</b>        | <b>(18,453)</b>                                      | <b>(23,831)</b>                                      |
| <b>Cash, beginning of period</b>               | <u>23,573</u>  | <u>71,214</u>  |
| <b>Cash, end of period</b>                     | <u>\$ 5,120</u>                                      | <u>\$ 47,383</u>                                     |

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

## **79 RESOURCES LTD.**

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in Canadian dollars)

For the three months ended March 31, 2024

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### **1. Nature and continuance of operations**

79 Resources Ltd. (the “**Company**” or “**79 Resources**”) was incorporated on April 17, 2019 under the laws of the Province of British Columbia, Canada. On October 20, 2021, the Company completed a transaction with Buck Gold Inc. (“**Buck Gold**”). Upon closing of the transaction, the shareholder of Buck Gold had control of the combined entity, and as a result, the transaction is considered a reverse acquisition of 79 Resources by Buck Gold. For accounting purposes, Buck Gold is considered the acquirer and 79 Resources the acquiree. Accordingly, these condensed interim consolidated financial statements, which are presented on a consolidated basis, are a continuation of the financial statements of Buck Gold starting from Buck Gold’s date of incorporation on February 18, 2021 (See Note 8) pursuant to the laws of the Province of British Columbia.

The Company’s registered office is Suite 1890 - 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

On August 28, 2020, the Company completed its initial public offering (“**IPO**”) and became publicly listed on the Canadian Securities Exchange (“**CSE**”). The Company trades under the symbol “**SNR**”.

The Company is in the business of exploring its mineral exploration assets and has not yet determined whether these properties contain ore reserves that are economically recoverable. As at March 31, 2024 the Company was in the exploration stage and holds mining project interests in Canada.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof. The Company has sustained losses from operations and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As at March 31, 2024, the Company had a negative working capital of \$12,442 (December 31, 2023 – positive working capital of \$10,056).

Based on cash requirements of present corporate strategies and their budgeted operating and capital expenditures levels, the Company does not have sufficient cash to finance its current plans and will require additional funding moving forward. These material uncertainties may cast substantial doubt about the Company’s ability to continue as a going concern. The Company estimates that it will need to raise substantial additional capital to accomplish its business plan and meet its financial obligations, including on a near-term basis and if successful therewith then longer-term. The Company expects to seek additional funding, including potential financing through equity and/or debt financing and/or project disposition strategies, including by way of possible changes to its capital structure. There can be no assurance as to the availability or terms upon which any funding might be available to the Company so that it can meet its ongoing operating and capital needs (among other obligations).

These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

### **2. Significant accounting policies and basis of preparation**

The condensed interim consolidated financial statements were authorized for issue on May 29, 2024 by the Company through its Board of Directors.

#### ***Statement of compliance***

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board (“**IASB**”) and interpretations of the International Financial Reporting Interpretations Committee (“**IFRIC**”). Therefore, these condensed interim consolidated financial statements comply with International Accounting Standards (“**IAS**”) 34 “Interim Financial Reporting”.

## 79 RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements  
(Unaudited - Expressed in Canadian dollars)  
For the three months ended March 31, 2024

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### 2. Significant accounting policies and basis of preparation (cont'd)

#### *Basis of preparation*

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. The condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency, unless otherwise noted.

#### *Basis of consolidation*

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Buck Gold Inc., effective on October 20, 2021. Inter-company balances and transactions are eliminated on consolidation.

#### *Significant accounting judgments, estimates and assumptions*

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The following areas required a significant degree of estimation:

#### a) Recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

#### b) Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

#### c) Income taxes

The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the reliability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery).

The following areas required a significant degree of judgment:

#### d) Going concern

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.



## 79 RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements  
(Unaudited - Expressed in Canadian dollars)  
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### 2. Significant accounting policies and basis of preparation (cont'd)

#### *Foreign currency translation*

The condensed interim consolidated financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

#### Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

#### *Financial instruments*

Financial assets are classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition. All financial assets not classified at amortized cost or FVOCI are measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statements of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in profit or loss. Financial assets and financial liabilities classified at amortized cost are using the effective interest method.

#### *Impairment of assets*

The carrying amount of the Company's assets which include exploration and evaluation assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

## **79 RESOURCES LTD.**

Notes to the Condensed Interim Consolidated Financial Statements

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For the three months ended March 31, 2024

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### **2. Significant accounting policies and basis of preparation (cont'd)**

#### *Income taxes*

##### Deferred income tax:

Deferred income tax is provided based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### *Exploration and evaluation assets*

The Company is in the exploration stage in respect to its exploration and evaluation assets.

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Where the Company has entered into option agreements for the acquisition of an interest in exploration and evaluation assets which provided for periodic payments, such amounts unpaid are not recorded as a liability when they are payable entirely at the Company's discretion. Although the Company has taken steps to verify title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. The exploration and evaluation assets may be subject to prior undetected agreements or transfers and title may be affected by such defects.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to profit or loss.

The Company assesses exploration and evaluation assets for indications of impairment at each reporting date.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine development cost". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Any incidental revenue earned in connection with exploration activities is applied as a reduction to capitalized exploration costs. Any operational income earned in connection with exploration activities is recognized in profit or loss.

Mineral exploration and evaluation expenditures are classified as intangible assets.

## **79 RESOURCES LTD.**

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in Canadian dollars)

For the three months ended March 31, 2024

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### **2. Significant accounting policies and basis of preparation (cont'd)**

#### ***Provision for environmental rehabilitation***

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense. The Company does not have any provisions for rehabilitation obligations.

#### ***Flow-through shares***

The Company may from time to time, issue flow-through common shares to finance its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability on a pro-rata basis to the expenditures incurred. The reduction of the flow-through share premium previously recorded is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian exploration expenses (as defined in the Tax Act).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with the Tax Act. When applicable, this tax is accrued as a financial expense until paid.

#### ***Share capital***

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### ***Loss per share***

Basic loss per share is calculated based on the weighted average aggregate number of common shares outstanding during each period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, this calculation proved to be anti-dilutive.

#### ***Leases***

IFRS 16 Leases - Specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company had no leases in effect during the financial period presented.

**79 RESOURCES LTD.**

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in Canadian dollars)

For the three months ended March 31, 2024

**3. Exploration and evaluation assets**

|   | <b>Five Point Copper-<br/>Gold Project,<br/>British Columbia</b> | <b>North Preston<br/>Uranium Project,<br/>Saskatchewan</b> | <b>Total</b>      |
|---|--|--|-------------------|
| <b>Acquisition Costs:</b>                     |  |  |                   |
| Balance, December 31, 2022                    | \$ 259,967   | \$ 2,223   | \$ 262,190        |
| Cash  | 3,443  | -  | 3,443             |
| Balance, December 31, 2023                    | \$ 263,410   | \$ 2,223   | \$ 265,633        |
| Cash  | 131  | -  | 131               |
| Balance, March 31, 2024                       | \$ 263,541   | \$ 2,223   | \$ 265,764        |
| <b>Exploration Costs:</b>                     |  |  |                   |
| Balance, December 31, 2022                    | \$ 330,695   | \$ -   | \$ 330,695        |
| Cost recovery                                 | (53,190)   | -  | (53,190)          |
| Balance, December 31, 2023 and March 31, 2024 | \$ 277,505   | \$ -   | \$ 277,505        |
| <b>Total</b>                                  | <b>\$ 541,046</b>  | <b>\$ 2,223</b>  | <b>\$ 543,269</b> |

**Five Point Copper & Gold Project (“Five Point”)***Project Background*

The Five Point Copper-Gold Project is contiguous to the Buck Project being advanced by Sun Summit Minerals Corp. (“Sun Summit”), who has discovered gold and copper mineralization at its project.

On October 20, 2021, the Company acquired the Five Point Copper-Gold Project pursuant to the share purchase agreement with Buck Gold (Note 8).

On February 19, 2021, the Company entered into a purchase and sale agreement to acquire a 100% interest, subject to a 2% gross royalty reserved for a related party, in fifty-eight licenses located in British Columbia from a company beneficially owned by the director for consideration of \$153,774, the sum of which reflected fees paid to the Government of British Columbia.

On February 20, 2021, the Company entered into a purchase and sale agreement to acquire a 100% interest, subject to a 2% gross royalty reserved for a related party, in five licenses located in British Columbia from a company beneficially owned by the director for consideration of \$12,690, the sum of which reflected fees paid to the Government of British Columbia.

On March 23, 2021, the Company entered into a purchase and sale agreement to acquire a 100% interest, subject to a 2% gross royalty reserved for a related party, in fifteen licenses located in British Columbia from a company beneficially owned by the director for consideration of \$43,511, the sum of which reflected fees paid to the Government of British Columbia.

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Notes to the Condensed Interim Consolidated Financial Statements  
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### 3. Exploration and evaluation assets (cont'd)

#### *Subsequent Developments and Exploration*

In May 2021, the Company completed certain exploration work at Five Point by way of a helicopter-borne magnetic survey covering 14,790 hectares utilizing 805 line-kilometres flown, as well as 3-D inversion modelling of a portion of that geophysical airborne survey.

In December 2021, the Company commenced and completed a phase II helicopter-borne magnetic survey at the Five Point project that significantly expanded upon the geophysical work done by the Company earlier in the year (see Company news release dated December 14, 2021).

During 2022, the Company completed a further phase III helicopter-borne magnetic survey at the Five Point project (see also the Company's news release dated February 16, 2022). In addition, the Company actively managed its tenure position with a view to prioritizing overall project footprint to better align with functional areas for target follow-up as well as to better manage and reduce the related government-prescribed assessment obligations which aligns to focusing on project licenses deemed by the Company to be of priority.

During 2023 and 2024 the Company has been engaged in various mining claim management efforts, including the re-staking of certain exploration areas and the roll-off of non-core areas of the project.

In the summer of 2023, the area of British Columbia where the Five Point Copper-Gold Project is situated (being in particular south of Houston, BC), was impacted by wildfire activity and fire risk that led to area restrictions as well precautionary reductions in the region's mineral exploration activity levels due to fire risk.

Risks related to wildfire activity that may transpire during the summer of 2024, including any field-related activity restrictions that may resultantly be imposed by the BC Government, are not determinable at this point in time.

*For additional management commentary on the Five Point Copper-Gold Project, please consult the accompanying MD&A report for the period ended March 31, 2024.*

#### **North Preston Uranium Project (Saskatchewan)**

##### *Project Background*

On November 8, 2021, the Company entered into a purchase agreement with a company controlled by a related party of the Company to acquire a 100% interest in the North Preston Uranium Project located in the southwest region of Saskatchewan's Athabasca Basin. As consideration, the Company paid \$1,200 for the license fees paid to Government of Saskatchewan and certain non-material expenses affiliated with the license acquisition process. A pre-existing 2% gross royalty on the claim was assumed by the Company.

##### *Subsequent Developments*

During 2022, the tenure comprising the North Preston Uranium Project matured with Crown reversion (due to an absence of filed assessment work) but was successfully re-staked by Company through two licenses, having substantially identical coverage, during a Crown re-opening in August 2022 with applicable government-prescribed license fees paid to the Government of Saskatchewan. The pre-existing 2% gross royalty applies to the re-staked license area.

As a result of the above-described corporate activity performed by the Company, the North Preston Uranium Project is in good-standing into H2 2024.

*For additional management commentary on the uranium market and activity in the Athabasca Basin, please consult the accompanying MD&A report for the period ended March 31, 2024.*

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### 4. Share capital

#### *Authorized share capital and share consolidation*

The Company is authorized for an unlimited number of common shares without par value.

On April 12, 2024, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidated common share for every five pre-consolidated common shares (Note 10). All number of shares and per share amounts have been retroactively restated in these condensed interim consolidated financial statements to reflect this share consolidation.

#### *Escrowed shares*

As at March 31, 2024, the Company had 4,857,400 common shares subject to escrow arrangements as either a direct or indirect result of the acquisition of Buck Gold Inc. Under the aforementioned escrow arrangements, 10% of the escrowed common shares, warrants and options were released from escrow upon the date that the shares commenced trading on the CSE on a post-transaction basis, to be followed by six (6) subsequent escrow releases of 15% every six (6) months thereafter.

#### *Stock options*

The Company adopted a stock option plan to grant options to individuals exercisable up to 10 years from the date of grant to purchase shares at the market price, less applicable discount, if any. Such grants are not to exceed an aggregate of 15% of the issued and outstanding shares and vesting periods will be determined by the Board of Directors.

On June 27, 2023, the Company granted incentive stock options to purchase 600,000 common shares at an exercise price of \$0.25 per share for a period of five years. Accordingly, the Company recorded the estimated grant date fair value of \$60,249 in connection to these options.

The grant date fair value of the options granted above was based on the following assumptions: share price at grant date of \$0.125; exercise price of \$0.25; expected life of 5 years; expected volatility of 128%; risk free interest rate of 3.52%; expected dividend yield of 0%; and forfeiture rate of 0%.

Stock option transactions are summarized as follows:

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|                                  | <b>Number of<br/>Stock<br/>Options</b> | <b>Weighted<br/>Average<br/>Exercise Price</b> |
|----------------------------------|--|--|
| Balance at December 31, 2022     | 649,000                                | 0.55   |
| Granted                          | 600,000                                | 0.25   |
| Expired/cancelled                | <u>(250,000)</u>                       | 0.66   |
| Balance at December 31, 2023     | 999,000                                | 0.35   |
| Expired/cancelled                | <u>(100,000)</u>                       | 0.25   |
| <b>Balance at March 31, 2024</b> | <b>899,000</b>                         | <b>\$ 0.36</b>                                 |

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## 79 RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements  
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### 4. Share capital (cont'd)

Details of options outstanding as at March 31, 2024 are as follows:

| Number of Options | Exercise Price | Expiry date    | Exercisable |
|-------------------|----------------|----------------|-------------|
| 399,000           | \$0.50         | March 15, 2027 | 399,000     |
| 500,000           | \$0.25         | June 27, 2028  | 500,000     |

As at March 31, 2024, the above outstanding options had a weighted average exercise price of \$0.36 and a weighted average life of 3.67 years.

#### *Warrants*

Warrants transactions are summarized as follows:

|  | Number of Warrants | Weighted Average Exercise Price |
|--|--------------------|---------------------------------|
| Balance at December 31, 2022                           | 1,346,412          | 1.00                            |
| Expired  | (1,346,412)        | 1.00                            |
| <b>Balance at December 31, 2023 and March 31, 2024</b> | <b>Nil</b>         | <b>Nil</b>                      |

### 5. Related party transactions

#### *Key management compensation*

Key management personnel include those having authority and responsibility for the day-to-day planning and directing of the activities of the Company, taken as a whole. The Company has determined that key management consists of its corporate officers, namely its Chief Executive Officer and its Chief Financial Officer.

#### *Current Management*

During the three months ended March 31, 2024, the Company did not pay or accrue any compensation to the Chief Executive Officer (CEO) of the Company (2023 - \$Nil).

During the three months ended March 31, 2024, the Company has paid or accrued \$7,500 (2023 - \$7,500) to an accounting firm in which the Chief Financial Officer (CFO) of the Company is a partner of the firm for professional services. As at March 31, 2024, accounts payable and accrued liabilities includes \$2,500 plus applicable sales taxes (December 31, 2023 - \$Nil) due to this accounting firm, the amount of which was subsequently settled subsequent to the three months ended March 31, 2024.

During the period from the date of incorporation on February 18, 2021 to December 31, 2021, the Company entered into purchase and sale agreements to acquire a 100% interest in certain licenses related to the Five Point Copper-Gold Project (see Note 3). As consideration, the Company paid a total of \$209,975, the sum of which reflected fees paid to the Government of British Columbia.

On November 8, 2021, the Company entered into a purchase agreement with a company controlled by a related party of the Company to acquire a 100% interest in the North Preston Uranium Project located in the southwest region of Saskatchewan's Athabasca Basin (see Note 3). As consideration, the Company paid \$1,200 for the license fees paid to Government of Saskatchewan and certain non-material expenses affiliated with the license acquisition process.

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### 6. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

e) Capital Management

The Company is engaged in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental issues and fluctuations in commodity-based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

The Company includes the components of equity in the definition of capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

There were no changes in the Company's approach to capital management during the period.



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### 6. Financial risk management (cont'd)

#### f) Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Management estimates that the recorded values of all cash, accounts payable and accrued liabilities, all of which are classified as amortized cost, approximate their current fair values because of their nature and anticipated settlement dates.

### 7. Segmented information

The Company presently operates in one industry segment being the acquisition and exploration of mineral projects in one geographical jurisdiction (Canada), as disclosed in Note 3.

### 8. Share Acquisition of Buck Gold Inc. ("Buck Gold")

On June 15, 2021, the Company entered into a definitive share purchase agreement with an arm's-length party to acquire all of the issued and outstanding common shares of Buck Gold. Buck Gold holds certain mineral claims in British Columbia (subject a 2% royalty).

To acquire a 100% interest in the securities of Buck Gold, the Company issued 16,000,000 common shares (the "SNR Shares") as consideration for all the issued and outstanding common shares of Buck Gold. The former shareholder of Buck Gold owned greater than 50% of the resulting combined entity and accordingly controlled the combined entity thus resulting in a reverse takeover transaction as defined by IFRS. The SNR Shares have customary escrow provisions as effectuated by the CSE.

The transaction constituted a fundamental change of the Company in accordance with the policies of the CSE, the equity exchange on which the Company is listed, and as such, was subject to certain CSE filings, shareholder approval, CSE approval and other customary regulatory approvals (all conditions of which were met at closing). In addition, the Company paid a finder's fee of 400,000 common shares in connection with the transaction to an arm's-length party.

The Company closed the acquisition of Buck Gold on October 20, 2021.

The substance of the transaction was a reverse takeover of the non-operating company, and the transaction does not constitute a business combination as 79 Resources does not meet the definition of a business under IFRS 3. As a result, the transaction was recorded by the Company as a reverse takeover that was not a business combination with a recognition of a listing expense which represented the difference between the fair value of consideration Buck Gold paid and the fair value of 79 Resources' net assets.

Buck Gold, the legal subsidiary, has been identified as the accounting acquirer and 79 Resources, the legal parent, has been identified as the accounting acquiree. As Buck Gold was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying value. 79 Resources' results of operations have been included from October 20, 2021, the date of the completion of the transaction.

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### 8. Share Acquisition of Buck Gold Inc. (“Buck Gold”) (cont’d)

The fair value of the consideration was calculated as follows:

- The fair value of 3,506,000 common shares was determined to be \$2,103,600 based on the fair value of 79 Resources’ shares on the closing date.
- The fair value of 400,000 common shares paid for finder’s fees was determined to be \$240,000 based on the fair value of 79 Resources’ shares on the closing date.
- The fair value of 256,000 stock options were valued at \$58,746 using the Black-Scholes option pricing model using the following weighted average assumptions: an annualized volatility of 96%; an expected life of 1.35 years; a dividend yield of 0%; and risk-free rate of 0.57%.
- The fair value of 1,900,000 warrants were valued at \$342,551 using the Black-Scholes option pricing model using the following weighted average assumptions: an annualized volatility of 99%; an expected life of 1.11 years; a dividend yield of 0%; and risk-free rate of 0.48%.

|  | <b>Amount</b>    |
|--|------------------|
|  | <b>\$</b>        |
| Consideration (Non-Cash)                 |                  |
| Common shares                            | 2,103,600        |
| Stock options                            | 58,746           |
| Warrants                                 | 342,551          |
| Common shares for finder’s fee           | <u>240,000</u>   |
| Total consideration                      | <u>2,744,897</u> |
| Identifiable net assets acquired         |                  |
| Cash                                     | 251,988          |
| GST receivable                           | 19,552           |
| Accounts payable and accrued liabilities | <u>(40,804)</u>  |
| Total identifiable net assets acquired   | <u>230,736</u>   |
| Allocated to listing expense             | <u>2,514,161</u> |

### 9. Capital disclosures

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 and expansion of its business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk level.

The Company manages its 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 or debt, dispose of assets, or adjust the amount of cash and cash equivalents. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

The Company does not pay out dividends, has not paid or declared any dividends since the date of incorporation, nor are any dividends contemplated in the foreseeable future.

The Company is not subject to externally imposed capital requirements as at March 31, 2024 except when the Company issues flow-through shares for which the amount is required to be used for exploration work. On November 30, 2021, the Company completed a flow-through private placement totaling \$134,625.

As at March 31, 2024, the Company had no flow-through obligations outstanding, having already fully incurred eligible exploration and evaluation expenditures related to the flow-through obligations under the November 30, 2021 flow-through financing.

**79 RESOURCES LTD.**

Notes to the Condensed Interim Consolidated Financial Statements

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**10. Subsequent Events**

On April 4, 2024, the Company announced that it would consolidate its common shares on a 5:1 basis and announced the discontinuance of the financing previously announced on March 13, 2024 (see news release, 79 Resources Ltd. Announces Proposed Share Consolidation, dated April 4, 2024). The record date for the consolidation was April 12, 2024 and the share consolidation was completed.

On April 30, 2024, the Company closed a non-brokered common share unit financing (the "Unit Financing") by way of the issuance of 1,800,000 units (the "Units") at a price of \$0.05 per Unit. Each Unit consisted of one common share of the Company (a "Unit Share") and one common share purchase warrant (a "Warrant") that entitles the holder of a Warrant, upon further payment to the Company, to acquire one additional common share of the Company (a "Warrant Share") at an exercise price of \$0.05 per Warrant Share on any date prior to the date which is 60 months following the closing date of the Unit Financing (see news release, 79 Resources Ltd. Closes Previously Announced Financing, dated April 30, 2024).