

**MILITARY METALS CORP.**  
(formerly X1 Entertainment Group Inc.)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited)  
(Expressed in Canadian Dollars)

**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated 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.



**MILITARY METALS CORP.**

(formerly X1 Entertainment Group Inc.)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE THREE MONTHS ENDED NOVEMBER 30,**

	<b>2024</b>	<b>2023</b>
<b>EXPENSES</b>		
Accretion expense (Note 6)	\$ 7,228	\$ 4,433
Business development	75,200	15,000
Consulting (Note 8)	42,388	39,000
Directors' fees (Note 8)	36,000	15,000
Exploration expenditures (Note 3)	100,661	-
Foreign exchange	1,809	690
Insurance	3,250	-
Interest expense (Notes 5 and 6)	5,419	4,953
Investor relations	199,267	-
Listing fee	6,252	5,849
Management fees (Note 8)	25,000	-
Office and miscellaneous	36,540	1,193
Professional fees	111,479	48,592
Share-based compensation (Notes 7 and 8)	1,658,453	-
Shareholder communications and filing fees	28,952	590
Technology marketing and web development	55,396	-
Transfer agent	5,615	5,951
<b>Loss from operations</b>	<u>(2,398,909)</u>	<u>(141,251)</u>
Dissolution of subsidiary	(75,519)	-
Gain on settlement (Note 6)	(443)	-
Interest income	17,978	-
<b>Net loss for the period</b>	<u>(2,456,893)</u>	<u>(141,251)</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Foreign exchange gain on translating foreign operations	-	7,522
<b>Comprehensive loss for the period</b>	<u>\$ (2,456,893)</u>	<u>\$ (133,729)</u>
<b>Basic and diluted loss per common share</b>	\$ (0.07)	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>	37,491,346	9,515,501

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

**MILITARY METALS CORP.**

(formerly X1 Entertainment Group Inc.)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE THREE MONTHS ENDED NOVEMBER 30,**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (2,456,893)	\$ (141,251)
Non-cash items:		
Accretion expense	7,228	4,433
Accrued interest expense	5,419	4,953
Dissolution of subsidiary	75,519	-
Gain on convertible debenture settlements	443	-
Share-based compensation	1,658,453	-
Unrealized foreign exchange	-	(102)
Changes in non-cash working capital items:		
Accounts receivable	(9,237)	(3,005)
Prepaid expenses	(237,681)	(31,595)
Accounts payable and accrued liabilities	64,945	(24,820)
Net cash used in operating activities from continuing operations	<u>(891,804)</u>	<u>(191,387)</u>
Net cash generated by operating activities from discontinued operations	<u>-</u>	<u>7,470</u>
	<u>(891,804)</u>	<u>(183,917)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of 1509149 B.C. Ltd.	258,369	-
Acquisition of West Gore	<u>(123,056)</u>	<u>-</u>
Net cash generated by investing activities from continuing operations	<u>135,313</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Warrants exercised	519,789	-
Convertible debentures	<u>-</u>	<u>353,894</u>
Net cash generated by financing activities from continuing operations	<u>519,789</u>	<u>353,894</u>
<b>Change in cash for the period</b>	(236,702)	169,977
<b>Cash, beginning of period</b>	<u>3,022,192</u>	<u>8,359</u>
<b>Cash, end of period</b>	<u>\$ 2,785,490</u>	<u>\$ 178,336</u>

Supplemental disclosures with respect to cash flows (Note 9).

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**MILITARY METALS CORP.**

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

(Unaudited)

(Expressed in Canadian Dollars)

	<u>Share Capital</u>		Obligation to Issue Shares	Equity Portion of Convertible Debentures	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
	Number	Amount						
<b>Balance, August 31, 2023</b>	9,515,501	\$ 6,962,999	\$ -	\$ -	\$ 794,365	\$ (26,915)	\$ (8,260,632)	\$ (530,183)
Forfeited options	-	-	-	-	(38,258)	-	38,258	-
Issuance of convertible debentures	-	-	-	53,191	-	-	-	53,191
Comprehensive loss for the period	-	-	-	-	-	7,522	(141,251)	(133,729)
<b>Balance, November 30, 2023</b>	9,515,501	6,962,999	-	53,191	756,107	(19,393)	(8,363,625)	(610,721)
Private placements	19,142,857	3,500,000	-	-	-	-	-	3,500,000
Shares issued for mineral property	1,000,000	359,596	-	-	-	-	-	359,596
Exercise of warrants	735,656	73,566	-	-	-	-	-	73,566
Issuance of convertible debentures	943,192	51,876	-	(5,319)	-	-	-	46,557
Obligation to issue shares	-	-	15,000	-	-	-	-	15,000
Share issuance costs	-	(176,727)	-	-	118,227	-	-	(58,500)
Cancelled and forfeited options	-	-	-	-	(756,107)	-	756,107	-
Share-based compensation	-	-	-	-	111,454	-	-	111,454
Dissolution of subsidiaries	-	-	-	-	-	(56,129)	-	(56,129)
Comprehensive loss for the period	-	-	-	-	-	3	(565,790)	(565,787)
<b>Balance, August 31, 2024</b>	31,337,206	10,771,310	15,000	47,872	229,681	(75,519)	(8,173,308)	2,815,036
Acquisition of 1509149 B.C. Ltd.	10,000,000	8,900,000	-	-	-	-	-	8,900,000
Exercise of warrants	6,196,176	534,789	(15,000)	-	-	-	-	519,789
Issuance of convertible debentures	8,509,029	515,868	-	(47,872)	-	-	-	467,996
Shares for debt	600,000	300,000	-	-	-	-	-	300,000
Share-based compensation	-	-	-	-	1,658,453	-	-	1,658,453
Dissolution of subsidiary	-	-	-	-	-	75,519	-	75,519
Comprehensive loss for the period	-	-	-	-	-	-	(2,456,893)	(2,456,893)
<b>Balance, November 30, 2024</b>	56,642,411	\$ 21,021,967	\$ -	\$ -	\$ 1,888,134	\$ -	\$ (10,630,201)	\$ 12,279,900

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

## MILITARY METALS CORP.

(formerly X1 Entertainment Group Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023**

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Military Metals Corp. (formerly X1 Entertainment Group Inc.) (with its subsidiaries, collectively, the “Company” or “Military”) is a mineral exploration company that is primarily engaged in the acquisition and exploration of mineral properties. Military was incorporated under the *Business Corporations Act* (British Columbia) on January 9, 2020. The Company maintains its registered office at Royal Centre, 1500 – 1055 West Georgia Street, PO Box 11117, Vancouver, British Columbia, Canada V6E 4N7. The Company’s principal place of business is 615 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. On August 19, 2024, the Company completed its change of business (“COB”) to a mineral exploration company and changed its name from “X1 Entertainment Group Inc.” to “Military Metals Corp”. Military was previously a portfolio company that had targeted assets across gaming, esports, media, and entertainment industries.

The Company trades on the Canadian Securities Exchange (“CSE”) under the symbol “MILI”. The Company is also listed on the OTCQX under the symbol “MILIF” and Frankfurt Stock Exchange (“FSE”) under the symbol “QN90”.

During the year ended August 31, 2023, the Company ceased operations of Rix.GG Europe Ltd. (“Rix”) which held and operated its former esports franchise. The Company discontinued operations of its Esports segment (consisting of Forward Agency Ltd., Mechanics Agency Ltd. and Rix.GG Europe Ltd.) and Talent Management segment (consisting of X1 Talent Corp.) (Note 13). During the year ended August 31, 2024, the Company dissolved Forward Agency Ltd., Mechanics Agency Ltd. and X1 Talent Corp. During the period ended November 30, 2024, the Company dissolved Rix.GG Europe Ltd.

During the year ended August 31, 2024, the Company completed its transaction with SKRR Exploration Inc. (“SKRR”) on the Manson Bay Project (Note 3).

During the period ended November 30, 2024, the Company completed its transactions with Molten Metals Corp. (“Molten”) and 1509149 B.C. Ltd. (Note 3).

#### *Going Concern*

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company reported a net loss for the period ended November 30, 2024 of \$2,456,893 (2023 - \$141,251) and at that date had an accumulated deficit of \$10,630,201 (August 31, 2024 - \$8,173,308). The Company will need to raise additional funds in the short term to continue to be able to operate, meet its commitments and execute on its acquisitions as it moves towards profitable operations. Although the Company has been able in the past to obtain financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. Accordingly, these condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

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### 2. BASIS OF PREPARATION

#### Statement of compliance

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements of the Company. These condensed consolidated interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company’s most recent annual consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB.

#### Basis of presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries. The functional currency of the parent company is the Canadian dollar.

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<b>Subsidiary</b>	<b>Functional Currency</b>	<b>Jurisdiction</b>
1458205 B.C. Ltd.	Canadian Dollar	Canada
Slovak Antimony Corp. s.r.o.	Euro	Slovakia
Rix.GG Europe Ltd. <sup>(1)</sup>	Euro	Malta

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<sup>(1)</sup> Dissolved on November 27, 2024

All material intercompany transactions have been eliminated upon consolidation. A subsidiary is an entity over which the Company has control, where control indicates exposure or rights to variable returns and the ability to affect those returns through power over the investee.

#### Use of judgments and estimates

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.



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(Unaudited)

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**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023**

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

#### **Use of judgments and estimates (cont'd...)**

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

- Business combinations

Judgment is used in determining who is the acquiror and whether an acquisition is a business combination or an asset acquisition. The assessment required management to assess the relative ownership interests pursuant to the transaction and the inputs, processes and outputs of the entity or assets being acquired at the time of acquisition. The acquisition of 1509149 B.C. Ltd. was considered to be an asset acquisition (Note 3).

- Functional currency determination

The functional currency of the Company and its subsidiaries is the currency of their respective primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment.

The key areas of estimate applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Recovery of capitalized mineral property costs

The Company capitalizes mining property acquisition costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's mineral property is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

- Share-based payments

The fair value of non-cash compensation which may impact the value of assets acquired and goodwill in a business combination at acquisition dates or the fair value of employee share-based compensation is limited by the Black-Scholes option pricing model and fair value estimates that incorporate market data involving uncertainty in estimates used by management. The Black-Scholes option pricing model has subjective assumptions including the expected volatility of the Company's share price, expected exercise dates and forfeiture rates.

- Convertible debentures

Convertible debentures are separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue is determined based on the estimated borrowing rate for a similar instrument without the conversion feature, which is subject to measurement uncertainty.

- Share restrictions

Share restrictions are estimated using an option model to estimate the discount related from the contractual restriction.

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### 3. MINERAL PROPERTIES

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyance history characteristics of many mineral properties. The Company has investigated title of all of its mineral properties and to the best of its knowledge the properties are in good standing.

#### *Manson Bay Project*

On February 7, 2024, the Company entered into a definitive asset purchase agreement (the “Manson Bay Agreement”) with SKRR, an unrelated party, pursuant to which the Company has agreed to acquire 100% legal and beneficial interest in thirteen contiguous mineral claims totalling 4,293 hectares in the province of Saskatchewan, known as the Manson Bay Project (“Manson Bay”) for a consideration of 1,000,000 common shares in the capital of the Company. The price of each common share was based on the date of issuance of \$0.57 resulting in a total value of consideration shares issued of \$570,000 prior to the estimated fair value discount. Additionally, the Company incurred \$240,337 in related acquisition costs.

The allocation of consideration transferred of the 1,000,000 common shares (the “SKRR Shares”) is summarized as follows:

<b>Purchase Price</b>	
1,000,000 shares at \$0.57	\$ 570,000
Acquisition costs	240,337
Fair value discounted adjustment on the 1,000,000 common shares <sup>(1)</sup>	<u>(210,404)</u>
<b>Total consideration after discount</b>	<b>\$ 599,933</b>

<sup>(1)</sup> The SKRR Shares are subject to contractual resale restrictions that result in 50% of the SKRR Shares being released 4 months following the closing date, 25% being released 6 months following the closing date and the remaining 25% being released 8 months following the closing date. The value of the SKRR Shares is estimated using an option model to estimate the discount related from the contractual restriction. The following assumptions were used in the option model: share price of \$0.57, expected life of 1 year, expected volatility of 149%, risk free interest rate of 3.44% and a dividend yield of 0%.

Pursuant to the terms and conditions of the Manson Bay Agreement, the Company has agreed to acquire (i) 100% of SKRR’s rights, title, and interest in the Property, and (ii) all data and information in the possession of SKRR with respect to Manson Bay and the activities conducted thereon (the “Data and Information”, and together with Manson Bay, the “Purchased Assets”).

A third party will receive a 2% net smelter return (“NSR”), subject to a buydown to 1% at the option of the Company by paying the third party \$1,000,000 in cash, pursuant to the terms and conditions of a previous acquisition agreement.

The Company’s acquisition of the Purchased Assets (the “Manson Bay Transaction”) was subject to a number of customary conditions including, but not limited to, meeting all conditions required by the CSE to receive approval of the Transaction. The Company received final approval during the year ended August 31, 2024.

During the year ended August 31, 2024, the Company received shareholder approval for the Manson Bay Transaction and the COB at the annual general and special meeting of shareholders.

The completion of the Manson Bay Transaction was the final conversion condition for the Company’s previously issued special warrants (the “Special Warrants”). The Special Warrants converted into units of the Company (“Units”) on August 22, 2024. Each Unit consists of one common share in the capital of the Company (a “Common Share”) and one Common Share purchase warrant (a “Warrant”). Each Warrant will entitle the holder thereof to acquire one additional Common Share (a “Warrant Share”) at a price of \$0.30 per Warrant Share for a period of 24 months from the date of issuance. No finder’s fees were paid in connection with the Transaction.

## MILITARY METALS CORP.

(formerly X1 Entertainment Group Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

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**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023**

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### 3. MINERAL PROPERTIES (cont'd...)

#### *West Gore Project*

On September 24, 2024, the company Completed an asset purchase agreement (the "West Gore Agreement") to acquire a series of mineral claims in the province of Nova Scotia, known as the West Gore Antimony Project ("West Gore"). The Company purchased the mineral claims from Molten for consideration of \$85,000 in cash. Additionally, the Company incurred \$16,663 in acquisition costs. During the period ended November 30, 2024, the Company incurred \$nil in exploration expenses.

#### *Claims Surrounding West Gore*

On October 24, 2024, the Company announced it signed a binding letter of intent ("LOI") with ExpLORE Resources Ltd. ("ExpLORE") to acquire further claims surrounding the West Gore project to consolidate the mineralized area. During the period ended November 30, 2024, the Company had paid \$10,000 in cash and incurred \$21,392 in acquisition costs.

Subsequent to the period ended November 30, 2024, the Company entered into an asset purchase agreement with ExpLORE. The Company has a 1-year option to acquire 100% of the interest in the licenses for \$235,000 spread over the term.

The terms are as follows:

- (a) \$10,000 paid by the Company on October 30, 2024 (paid);
- (b) an additional \$100,000 paid on the closing date; and
- (c) an additional \$135,000 paid on or prior to the one (1) year anniversary of the closing date

Additionally, the sellers will receive a 3% NSR with standard buy-back provisions.

The Company shall have the option and right to:

- (a) repurchase 1% of the NSR for a one-time payment of \$500,000, thus reducing the NSR to 2%; and
- (b) subsequent to the repurchase of the 1% NSR, another repurchase of the NSR for a one-time payment of \$1,000,000, thus reducing the NSR to 1%

#### *Brownfield Projects*

On November 15, 2024, the Company completed an acquisition of 1509149 B.C. Ltd., which amalgamated with 1458205 B.C. Ltd. (the "Target") such that the Company has acquired 100% of the issued and outstanding common shares in the capital of the amalgamated entity and Slovak Antimony Corp. s.r. o. ("SAC") (the "Brownfield Transaction"). In connection with the Brownfield Transaction, the Company issued 10,000,000 common shares in the capital of the Company. The price of each common share was based on the date of issuance of \$0.89 resulting in a total value of consideration of shares of \$8,900,000.

The Brownfield Transaction results in the Company acquiring three mineral exploration projects in Slovakia, being the Trojarová antimony-gold project, the Tiennesgrund antimony-gold project, and the Medvedi tin project.

Under the concentration test of IFRS 3, the transaction was determined to be an asset acquisition with substantially all of the fair value attributable to the mineral property of SAC.

**MILITARY METALS CORP.**

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023****3. MINERAL PROPERTIES (cont'd...)***Brownfield Projects (cont'd...)*

The following table summarizes the consideration paid and asset acquired under the Brownfield Transaction:

<b>Consideration paid and mineral property acquired:</b>	
Share payment	\$ 8,900,000
Acquisition costs	<u>72,511</u>
Total consideration paid	\$ 8,972,511
Cash	\$ 330,880
Accounts receivable	15,000
Mineral property	<u>8,626,631</u>
Net assets acquired	<u>\$ 8,972,511</u>

During the period ended from the acquisition on November 15, 2024 to November 30, 2024, the Company incurred \$nil in exploration expenses.

*Mineral Property Interests*

Details of the mineral property balance is as follows:

	<b>Manson Bay</b>	<b>West Gore</b>	<b>Brownfield</b>	<b>Total</b>
Balance, August 31, 2023	\$ -	\$ -	\$ -	\$ -
Acquisition costs	810,337	-	-	810,337
Fair value adjustment	<u>(210,404)</u>	-	-	<u>(210,404)</u>
Balance, August 31, 2024	599,933	-	-	599,933
Acquisition costs	-	113,056	8,626,631	8,739,687
Option payment - cash	<u>-</u>	<u>10,000</u>	-	<u>10,000</u>
Balance, November 30, 2024	\$ 599,933	\$ 123,056	\$ 8,626,631	\$ 9,349,620

*Exploration Expenditures*

The Company expended the following exploration and evaluation expenditures on the Manson Bay Project for the three months ended November 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Field office	\$ 8,789	\$ -
Geological and geophysical	78,180	-
Travel, logistics & camp costs	<u>13,692</u>	<u>-</u>
Total expenditures for the period	<u>\$ 100,661</u>	<u>\$ -</u>

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

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**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023****4. LETTER OF INTENT***Last Chance Project*

On November 14, 2024, the Company announced it signed a LOI with Amador Mining, LLC ("Amador"), to acquire the past-producing Last Chance antimony-gold property in Nevada, United States. During the period ended November 30, 2024, the Company incurred \$13,975 in deferred acquisition costs.

Subsequent to the period ended November 30, 2024, the Company completed an asset purchase agreement (the "Last Chance Agreement") with Amador. The total consideration is \$45,000, of which, \$10,000 has been paid and the remaining \$35,000 is due on or before February 14, 2025 to Amador. Additionally, Amador will receive a 2% NSR.

**5. LOANS PAYABLE**

During the year ended August 31, 2023, the Company received loans from a third party and a director of the Company. The interest on the principal amount was at a rate of 10% per annum and the amounts are due on demand. The loans were settled during the year ended August 31, 2024, through the issuance of convertible debentures (Note 6).

<b>Loans payable</b>	
Balance, August 31, 2023	\$ 143,339
Foreign exchange	(103)
Settlement (Note 6)	(146,106)
Interest expense	<u>2,870</u>
Balance, August 31, 2024 and November 30, 2024	<u>\$ -</u>

**6. CONVERTIBLE DEBENTURES**

<b>5% Convertible debentures</b>	
Balance, August 31, 2023	\$ -
Proceeds	500,000
Equity component of convertible debentures	(47,872)
Conversion into common share units - principal (Note 7)	(50,000)
Conversion into common share units - interest (Note 7)	(1,876)
Loss on settlement	(3,989)
Accretion expense	39,894
Accrued interest payable	<u>18,750</u>
Balance, August 31, 2024	454,907
Conversion into common share units - principal (Note 7)	(450,000)
Conversion into common share units - interest (Note 7)	(17,997)
Gain on settlement	443
Accretion expense	5,419
Accrued interest payable	<u>7,228</u>
Balance, November 30, 2024	<u>\$ -</u>

On November 15, 2023, the Company completed a non-brokered private placement of unsecured convertible debentures ("Debentures") for gross proceeds of \$500,000 (the "Offering"). A portion of the Offering, \$146,106, was completed through the distribution of Debentures in settlement of existing loans (Note 5).

## MILITARY METALS CORP.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

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**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023**

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### 6. CONVERTIBLE DEBENTURES (cont'd...)

The Debentures mature on the date (the "Maturity Date") that is 12 months from the date of issuance (the "Closing Date"). The principal amount of Debentures may be converted into Units of the Company (a "Debenture Unit"), in whole or in part, at the option of the holder, at any time following the Closing Date but on or before the Maturity Date, into Units at a price of \$0.055 per Unit (such date of conversion being referred to herein as the "Conversion Date").

The Debentures bear interest at a rate of 5.0% per annum from the Closing Date, payable on the earlier of the Maturity Date or the Conversion Date. The Company has the right to pay all accrued and unpaid interest either in cash or in Units at a price of \$0.055 per Unit, in its sole discretion, and on the Maturity Date also has the right to convert the principal amount of the Debentures into Units rather than repay in cash.

Each Unit will consist of one common share (a "Share") and one Share purchase warrant (a "Convertible Warrant"). Each Convertible Warrant will entitle the holder thereof to acquire one additional Share at a price of \$0.055 per Convertible Warrant Share for a period of 24 months from the date of issuance.

For accounting purposes, the Debentures are separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue is determined based on discounting the expected cash flows at an estimated rate of 17.50% for debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value of the convertible debenture and the fair value of the liability component. After initial recognition, the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible debentures at an effective rate of 17.50%.

During the period ended November 30, 2024, the Company incurred interest expense of \$7,228 and accretion expense of \$5,419 on the convertible debentures, which has been recorded on the condensed consolidated interim statement of loss and comprehensive loss. As at November 30, 2024, the Company settled \$519,873 in convertible debentures, of which, \$500,000 represented the principal value and \$19,873 in accrued interest, through the issuance of common share units.

### 7. SHARE CAPITAL AND RESERVES

#### a) Authorized share capital

Unlimited number of common shares without par value.

#### b) Issued share capital

*Period ended November 30, 2024*

On September 4, 2024, the Company issued 400,000 common shares from warrant exercises for gross proceeds of \$40,000.

On September 11, 2024, the Company issued 94,321 common shares from warrant exercises for gross proceeds of \$5,188.

On September 18, 2024, the Company issued 150,000 common shares from warrant exercises for gross proceeds of \$15,000.

On September 20, 2024, holders converted convertible debentures of \$26,044 of principal and accrued interest by issuing 473,536 Debenture Units of one common share and one share purchase warrant to settle liabilities of \$26,044 (Note 6).

On September 23, 2024, the Company entered into a shares for debt transaction with certain creditors of the Company (the "Creditors") to settle an aggregate amount of \$300,000 in debt (the "Debt") accrued through services provided by the Creditors to the Company (the "Debt Settlement"). In settlement and full satisfaction of the Debt, the Company issued 600,000 common shares in the capital of the Company (the "Debt Shares") at a deemed issue price of \$0.50 per Debt Share.

On September 26, 2024, the Company issued 324,624 common shares from warrant exercises for gross proceeds of \$23,974.

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### 7. SHARE CAPITAL AND RESERVES (cont'd...)

#### b) Issued share capital (cont'd...)

*Period ended November 30, 2024 (cont'd...)*

On October 7, 2024, the Company issued 425,802 common shares from warrant exercises for gross proceeds of \$29,848.

On October 10, 2024, the Company issued 578,000 common shares from warrant exercises for gross proceeds of \$57,800.

On October 17, 2024, the Company issued 771,428 common shares from warrant exercises for gross proceeds of \$77,143.

On October 21, 2024, the Company issued 448,712 common shares from warrant exercises for gross proceeds of \$27,893.

On October 24, 2024, the Company issued 350,000 common shares from warrant exercises for gross proceeds of \$35,000.

On November 6, 2024, the Company issued 379,290 common shares from warrant exercises for gross proceeds of \$38,073.

On November 15, 2024, the Company issued 10,000,000 common shares for a total consideration of \$8,900,000 in accordance with the Brownfield Transaction (Note 3).

On November 15, 2024, holders converted convertible debentures of \$441,952 of principal and accrued interest by issuing 8,035,493 Debenture Units of one common share and one share purchase warrant to settle liabilities of \$441,952 (Note 6).

On November 19, 2024, the Company issued 757,431 common shares from warrant exercises for gross proceeds of \$75,743.

On November 21, 2024, the Company issued 214,285 common shares from warrant exercises for gross proceeds of \$21,429.

On November 22, 2024, the Company issued 94,321 common shares from warrant exercises for gross proceeds of \$5,188.

On November 27, 2024, the Company issued 830,678 common shares from warrant exercises for gross proceeds of \$61,759.

On November 28, 2024, the Company issued 377,284 common shares from warrant exercises for gross proceeds of \$20,751.

*Year ended August 31, 2024*

On January 25, 2024, the Company completed a non-brokered private placement of 7,142,857 Units at a price of \$0.07 for gross proceeds of \$500,000. Each Unit is comprised of one common share in the capital of the Company and one share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional Share at a price of \$0.10 per Warrant Share for a period of 24 months from the date of closing.

On June 6, 2024, the Company issued 300,000 common shares from warrant exercises for gross proceeds of \$30,000.

On June 7, 2024, the Company issued 214,228 common shares from warrant exercises for gross proceeds of \$21,423.

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## b) Issued share capital (cont'd...)

*Year ended August 31, 2024 (cont'd...)*

On June 11, 2024, the Company issued 71,428 common shares from warrant exercises for gross proceeds of \$7,143.

On August 19, 2024, the Company issued 1,000,000 common shares at an estimated fair valued discount of \$359,596 in accordance with the Manson Bay Transaction (Note 3).

On August 20, 2024, the Company issued 150,000 common shares from warrant exercises for gross proceeds of \$15,000.

On August 22, 2024, the Company completed a non-brokered private placement of 12,000,000 Units at a price of \$0.25 for gross proceeds of \$3,000,000. Each Unit is comprised of one common share in the capital of the Company and one Warrant. Each Warrant entitles the holder thereof to acquire one additional Share at a price of \$0.30 per Warrant Share for a period of 24 months from the date of closing. The Company paid \$58,500 in finders' fees and issued 244,800 in finders' warrants. The finders' warrants were valued at \$105,232 using the Black-Scholes inputs: risk-free interest of 3.30%, volatility of 110%, expected dividend rate of 0% and expected life of 2 years. The expected volatility assumption is based on comparable public companies as the Company has limited trading history. The risk-free interest rate assumption is based on yield curves on the Canadian government zero-coupon bonds with a remaining term equal to the warrants expected life.

On August 23, 2024, holders converted convertible debentures of \$36,314 of principal and accrued interest by issuing 660,247 Debenture Units of one common share and one share purchase warrant to settle liabilities of \$36,314 (Note 6).

On August 29, 2024, holders converted convertible debentures of \$15,562 of principal and accrued interest by issuing 282,945 Debenture Units of one common share and one share purchase warrant to settle liabilities of \$15,562 (Note 6).

## c) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, August 31, 2023	1,396,297	\$	3.50
Exercised	(735,656)		0.10
Expired	(1,396,297)		3.50
Issued	<u>20,330,831</u>		0.22
Balance, August 31, 2024	19,595,175	\$	0.22
Exercised	(6,196,176)		0.09
Issued	<u>8,509,028</u>		0.055
Balance outstanding and exercisable, November 30, 2024	<u>21,908,027</u>	\$	0.20



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## c) Warrants (cont'd...)

Warrants outstanding as at November 30, 2024:

	Number outstanding	Number exercisable	Exercise price	Expiry date
<b>Warrants</b>	2,100,060	2,100,060 <sup>(1)</sup>	\$ 0.10	January 25, 2026
	12,244,080	12,244,080 <sup>(2)</sup>	0.30	August 22, 2026
	<u>7,563,887</u>	<u>7,563,887<sup>(3)</sup></u>	<u>0.055</u>	November 15, 2026
	<u>21,908,027</u>	<u>21,908,027</u>		

(1) 792,855 exercised subsequent to the period ended November 30, 2024.

(2) 3,952,000 exercised subsequent to the period ended November 30, 2024.

(3) 754,568 exercised subsequent to the period ended November 30, 2024.

## d) Stock options and share-based payments

The Company has a stock option plan under the policies of the CSE which will not exceed 10% of the issued common shares of the Company. The stock option exercise price under each stock option shall not be less than the market value of the Company's common shares on the date of grant. An option shall be granted as fully vested unless a vesting schedule is imposed by the Board as a condition of the grant date.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, August 31, 2023	442,601	\$ 2.43
Cancelled	(360,000)	2.43
Expired	(62,601)	2.25
Forfeited	(20,000)	3.50
Granted	<u>360,000</u>	2.25
Balance, August 31, 2024	360,000	0.35
Granted	<u>2,850,000</u>	0.67
<b>Balance outstanding and exercisable, November 30, 2024</b>	<b>3,210,000</b>	<b>\$ 0.64</b>

Stock options outstanding as at November 30, 2024:

	Number outstanding	Number exercisable	Exercise price	Expiry date
<b>Options</b>	360,000	360,000	\$ 0.35	June 21, 2029
	2,650,000	2,650,000	0.65	September 20, 2029
	<u>200,000</u>	<u>200,000</u>	<u>0.95</u>	November 7, 2029
	<u>3,210,000</u>	<u>3,210,000</u>		

As at November 30, 2024, the outstanding stock options had a weighted average remaining life of 4.79 (August 31, 2024 – 4.81) years.

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## d) Stock options and share-based payments (cont'd...)

During the period ended November 30, 2024, the Company granted 2,850,000 (August 31, 2024 – 360,000) stock options with a weighted average fair value of \$0.65 (August 31, 2024 – \$0.31) per option. The Company recognized share-based payments expense of \$1,658,453 (2023 - \$nil) for options granted and vesting during the period.

Share-based payments expense is estimated using the Black-Scholes option pricing model. The expected volatility assumption is based on comparable public companies as the Company has limited trading history. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common shares. Charges for options that are forfeited before vesting are reversed from reserve. For those unexercised options that expire, the recorded value is transferred to deficit.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options vesting during the periods:

	Three months ended November 30, 2024	Three months ended November 30, 2023
Risk-free interest rate	2.75%	n/a
Expected life of options	5 years	n/a
Expected annualized volatility	134%	n/a
Dividend rate	-	-
Forfeiture rate	-	-

## e) Escrowed shares

As at November 30, 2024, there were 14,500,083 (August 31, 2024 – 13,899,363) common shares held in escrow.

**8. RELATED PARTY TRANSACTIONS**

Key management personnel comprises the officers and directors of the Company. Amounts paid or accrued to key management personnel are as follows:

	Three months ended November 30, 2024	Three months ended November 30, 2023
Consulting fees <sup>(1)</sup>	\$ 18,000	\$ 39,000
Directors' fees	\$ 36,000	\$ 15,000
Management fees	\$ 25,000	\$ -
Share-based compensation	\$ 717,790	\$ -

(1) Consulting fees include fees to the former CEO of \$nil (2023 - \$21,000).

As at November 30, 2024, \$6,300 (August 31, 2024 – \$206,426) was included in accounts payable and accrued liabilities owing to key management personnel. Amounts recorded in accounts payable are non-interest bearing and subject to normal trade terms. During the period ended November 30, 2024, the Company key management personnel converted convertible debentures of \$130,547 (2023 - \$nil) which equals the principal and accrued interest (Note 6).

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**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023****9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

	Three months ended November 30, 2024	Three months ended November 30, 2023
Deferred acquisition costs (Note 4)	\$ 13,975	\$ -
Shares for debt (Note 7)	\$ 300,000	\$ -
Issuance of convertible debentures through existing debt (Note 6)	\$ -	\$ 146,106

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****Financial instruments**

Cash, accounts payable and accrued liabilities and convertible debentures are carried at amortized cost. With the exception of convertible debentures, the Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments.

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

**Financial risk factors***Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. As the Company's policy is to limit cash holdings to instruments issued by major international banks financial institutions, the credit risk is considered by management to be negligible. Accounts receivable include amounts due from the Government of Canada for input tax credits, which are not considered financial instruments. Accounts receivable are written off where there is no reasonable expectation of recovery due to supporting indicators. The Company considers these collectible in the short term and credit risk with respect to these amounts to be low.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. As at November 30, 2024, the Company had working capital of \$2,916,305 (August 31, 2024 – \$2,215,103). The Company's financial obligations are limited to accounts payable and accrued liabilities and acquisition consideration payable. Accounts payable and accrued liabilities are substantively due within 30 days.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at November 30, 2024, the Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity.

*Foreign currency risk*

Following the dissolution of foreign operations, the Company's exposure to foreign currency risk has been substantially reduced. Financial instruments denominated in foreign currencies are not substantial. As at November 30, 2024, the Company has not hedged its exposure to currency fluctuations. The Company assessed its foreign currency risk as low as at November 30, 2024.

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### 11. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of \$12,279,900 (August 31, 2024 – 2,815,036). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company did not change its capital management policy during the period ended November 30, 2024. The Company is not subject to externally imposed capital requirements.

### 12. SEGMENTED INFORMATION

Through March 2023, the business of the Company was the development of esports teams and digital media talent management, which was considered two business segments.

As at November 30, 2024, the Company has one operating segment, the exploration and development of mineral resources.

The Company's non-current assets are situated as follows:

November 30, 2024	Canada	Slovakia	Total
Mineral properties	\$ 722,989	\$ 8,626,631	\$ 9,349,620
	\$ 722,989	\$ 8,626,631	\$ 9,349,620

### 13. DISCONTINUED OPERATIONS

During the year ended August 31, 2023, the Company considered its Esports segment and Talent Management segment to have met the definition of discontinued operations and as such, assets, liabilities, and results of operations that can be distinguished operationally and for financial reporting purposes from the rest of the Company have been terminated and reported separately in the condensed consolidated interim financial statements. Factors that led to the abandoning of the Esports segment and Talent Management segment included the reduction in internal workforce and missed revenue targets.

#### *Esports*

For the periods ended November 30, 2024 and 2023, the Company incurred \$nil in losses from discontinued operations.

During the period ended November 30, 2024, the Company generated cash flows by discontinued operations from operating activities of \$nil (2023 - \$7,385) for the period ended November 30, 2024.

#### *Talent Management*

For the periods ended November 30, 2024 and 2023, the Company incurred \$nil in losses from discontinued operations.

During the period ended November 30, 2024, the Company generated cash flows by discontinued operations from operating activities of \$nil (2023 - \$85) for the period ended November 30, 2024.

### 14. SUBSEQUENT EVENTS

Subsequent to the period ended November 30, 2024, the Company:

- Issued 5,499,423 common shares from warrant exercises for gross proceeds of \$1,306,387.
- Granted 900,000 stock options to officers, directors and consultants at an exercise price of \$0.50 per common share exercisable for 5 years.