DUNBAR METALS CORP.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JANUARY 31, 2025

(Unaudited – Expressed in Canadian Dollars)

Notice of No Auditor Review

These unaudited interim financial statements of Dunbar Metals Corp. (the "Company") have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

DUNBAR METALS CORP.
Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	January 31 2025	July 31 2024
ASSETS		
Current assets		
Cash	$ 841,749	$ 391,978
Short-term investments (note 3)	500,000	-
Deferred financing costs (note 6)	-	58,848
Other receivable	3,446	-
GST receivable	3,980	3,391
Total current assets	1,349,175	454,217
Exploration and evaluation assets (note 4)	1,566,646	1,566,646
Total assets	$ 2,915,821	$ 2,020,863
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 27,577	$ 103,371
Total current liabilities	27,577	103,371
Convertible debentures (note 5)	1,159,446	988,087
Total liabilities	1,187,023	1,091,458
SHAREHOLDERS' EQUITY		
Share capital (note 6)	1,276,044	377,500
Reserves (note 6)	1,019,545	904,730
Deficit	(566,791)	(352,825)
Total shareholders' equity	1,728,798	929,405
Total liabilities and shareholders' equity	$ 2,915,821	$ 2,020,863

Going concern (note 1)

Approved on behalf of the Board

Director *"Mark Ferguson"*
Mark Ferguson

Director *"Peter Born"*
Peter Born

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

DUNBAR METALS CORP.

Consolidated Interim Statements of Loss and Comprehensive Loss
For the six months ended January 31, 2025
(Unaudited – Expressed in Canadian Dollars)

	Three months ended January 31		Six months ended January 31	
	2025	**2024**	**2025**	**2024**
EXPENSES				
Consulting and management fees (note 7)	$ 17,800	$ 1,200	$ 19,000	$ 2,400
Regulatory fees	11,125	21	36,125	21
Office and general	284	44	2,353	366
Professional fees (note 7)	15,878	34,638	30,966	42,664
Loss from operations	(45,087)	(35,903)	(88,444)	(45,451)
Other items				
Interest and accretion (note 5)	(84,561)	(36,095)	(136,174)	(66,661)
Interest income	7,153	1,955	10,652	4,123
	(77,408)	(34,140)	(125,522)	(62,538)
Net loss and comprehensive loss	$ (122,495)	$ (70,043)	$ (213,966)	$ (107,989)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	18,168,280	9,050,000	18,125,501	9,050,000

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

DUNBAR METALS CORP.
Consolidated Interim Statements of Cash Flow
For the six months ended January 31, 2025
(Unaudited - Expressed in Canadian Dollars)

	Six months ended January 31 2025	Six months ended January 31 2024
Cash provided by (used in):		
Operating activities		
Net loss	$ (213,966)	$ (107,989)
Adjustment for non-cash item:		
Interest and accretion	136,174	66,661
Non-cash working capital items:		
GST receivable	(589)	(1,220)
Other receivable	(3,446)	-
Deferred financing costs	58,848	(21,264)
Accounts payable and accrued liabilities	(75,794)	2,515
Net cash used in operating activities	(98,773)	(61,297)
Investing activities		
Purchase of short-term investments	(500,000)	-
Mineral property expenditures	-	(19,338)
Net cash used in investing activities	(500,000)	(19,338)
Financing activities		
Proceeds from issuance of shares	1,000,000	-
Share issue costs	(201,456)	-
Proceeds from issuance of convertible debenture	500,000	250,000
Repayment of convertible debentures	(250,000)	-
Net cash flows provided by financing activities	1,048,544	250,000
Change in cash position	449,771	169,365
Cash, beginning of period	391,978	258,769
Cash, end of period	$ 841,749	$ 428,134
Non-cash transaction:		
Issue of shares on conversion of debenture	$ 100,000	$ -
Supplemental disclosure of cash flow information:		
Interest and income taxes paid	$ -	$ -

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

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DUNBAR METALS CORP.
Consolidated Interim Statements of Changes in Equity
For the six months ended January 31, 2025
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares		Share Capital		Reserves		Deficit		Total Equity
Balance at July 31, 2023	9,050,001	$	377,500	$	823,055	$	(71,099)	$	1,129,456
Repurchase and cancellation of share	(1)		-		-		-		-
Convertible debenture - equity portion (note 5)	-		-		81,675		-		81,675
Net loss	-		-		-		(107,989)		(107,989)
Balance at January 31, 2024	9,050,000		377,500		904,730		(179,088)		1,103,142
Balance at July 31, 2024	9,050,000		377,500		904,730		(352,825)		929,405
Proceeds from issuance of shares (note 6)	10,000,000		1,000,000		-		-		1,000,000
Share issue costs (note 6)	-		(201,456)		-		-		(201,456)
Conversion of debenture (note 5)	1,000,000		100,000		-		-		100,000
Convertible debenture - equity portion (note 5)	-		-		114,815		-		114,815
Net loss	-		-		-		(213,966)		(213,966)
Balance at January 31, 2025	20,050,000	$	1,276,044	$	1,019,545	$	(566,791)	$	1,728,798

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Dunbar Metals Corp. (the "Company") is in the business of identifying, acquiring and exploring mineral properties. The Company is currently in the exploration stage of developing its exploration and evaluation properties and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on February 1, 2023. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol DMC.

The Company's head office, principal address and registered and records office is 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

These consolidated interim financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at January 31, 2025 the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company has incurred operating losses since inception and at January 31, 2025, had an accumulated deficit of $566,791. The Company expects to incur further losses in the development of its business, which indicates that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from proceeds of private placements of its common shares. There can be no assurance that the Company will be able to raise the funds as needed or at the terms expected. Further discussion of liquidity risk is included in note 9.

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

These consolidated interim financial statements were authorized for issue on February 18, 2025 by the directors of the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's consolidated audited annual financial statements for the year ended July 31, 2024, which have been prepared in accordance with IFRS.

These consolidated interim financial statements have been prepared on a historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Company's consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the interim 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the interim financial statements:

- 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;
- modification versus extinguishment of financial liability;
- the classification/allocation of expenditures as exploration and evaluation expenditures or operating expenses;
- the classification of financial instruments.

Areas of other significant estimates and judgements made by management for the six months ended January 31, 2025, in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 2 of the Company's audited consolidated financial statements for the year ended July 31, 2024.

(Unaudited - Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION, continued

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. SHORT-TERM INVESTMENTS

Short-term investments represent GIC deposits with a Canadian financial institution that have maturities of more than 30 days when purchased.

4. EXPLORATION AND EVALUATION ASSETS

A summary of the Company's exploration and evaluation assets is shown below:

	Gorilla Lake	Total
Balance at July 31, 2023	**$ 1,541,808**	**$ 1,541,808**
Acquisition costs	-	-
Exploration costs	24,838	24,838
Balance at July 31, 2024	**$ 1,566,646**	**$ 1,566,646**
Acquisition costs	-	-
Exploration costs	-	-
Balance at January 31, 2025	**$ 1,566,646**	**$ 1,566,646**

Gorilla Lake Property (Saskatchewan, Canada)

On March 1, 2023, the Company acquired all of the outstanding share capital of Gorilla from an arm's length party by issuing a convertible debenture ("Debenture") in the amount of $1,000,000 and 10,000,000 detachable common share purchase warrants. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.10 per share for a period of 60 months from the date of issuance. As a result of this transaction, the Company holds a 100% interest in mineral claims known as the Gorilla Lake Property ("Gorilla").

Gorilla does not have any operations, nor does it have any assets or liabilities other than holding the Gorilla Lake Property. Therefore, the Company treated this transaction as an asset acquisition. The purchase price totalling $1,432,843 was allocated according to the assets acquired. The fair value of the share purchase warrants was estimated to be $432,843 using the Black Scholes Option Pricing Model with the following assumptions: grant date share price - $0.05; volatility – 145%; risk free interest rate – 3.59%; expected life – 5 years and expected dividend yield – 0%. The grant date share price is estimated based on the per share price of the Company's recently completed private placement. Expected volatility is based on historical volatility of shares of comparable companies in the same industry.

5. CONVERTIBLE DEBENTURES

On March 1, 2023, the Company issued a $1,000,000 convertible debenture as consideration for 100% of the common shares in Gorilla (note 4). The Debenture matures 60 months from the date of issuance and bears interest at a rate of 8% per annum, compounded monthly and payable on maturity. The principal amount of the Debenture is convertible into common shares of the Company, at the option of the holder, at a rate of one common share for every $0.10 of outstanding indebtedness.

The fair value of the debt is estimated to be $609,788 based on discounted cash flows using an estimated market rate of 18% with no conversion feature. The value of the equity component is $390,212 by applying the residual approach. The effective interest rate of the debt is approximately 18.31%.

On January 23, 2025, $100,000 of the Debenture was converted into 1,000,000 common shares (note 6).

On December 19, 2023, the Company issued a $250,000 convertible debenture (“Debenture 2”) and 2,500,000 detachable common share purchase warrants as consideration for $250,000 in cash. Debenture 2 matures 24 months from the date of issuance and bears interest at a rate of 10% per annum, payable on maturity. The principal amount of the debenture is convertible into common shares of the Company, at the option of the holder, at a rate of one common share for every $0.10 of outstanding indebtedness. The proceeds were allocated between convertible debenture and the detached warrants based on the relative fair value method. $81,675 was allocated to the detachable warrants and $168,325 was allocated to the convertible debenture. The fair value of the share purchase warrants was estimated based the Black Scholes Option Pricing Model with the following assumptions: grant date share price - $0.05; volatility – 145%; risk free interest rate – 3.59%; expected life – 2 years and expected dividend yield – 0%. The grant date share price is estimated based on the per share price of the Company’s last completed private placement. Expected volatility is based on historical volatility of shares of comparable companies in the same industry. The fair value of the convertible debenture is estimated based on discounted cash flows using an estimated market rate of 15% assuming no detachable warrants. The fair value of the debt component of the convertible debenture is estimated based on discounted cash flows using an estimated market rate of 18% assuming no conversion feature. The value of the equity component is $Nil. The effective interest rate of the debt is approximately 29.3%.

On November 22, 2024, the Company reached a debt settlement agreement with the holder of Debenture 2. Under this agreement, the Company made a one-time cash payment of $250,000 in return for cancellation of the 2,500,000 share purchase warrants, cancellation of Debenture 2 and forgiveness of all interest accrued on Debenture 2.

On December 6, 2024, the Company completed a private placement of convertible debentures for gross proceeds of $500,000 (“Debenture 3”). Debenture 3 matures December 6, 2027 and bears interest at a rate of 12% per annum, compounded monthly and payable on maturity. The principal amount of the Debenture is convertible into units of the Company, at the option of the holder, at a rate of one “Conversion Unit” for every $0.15 of outstanding indebtedness. Each Conversion Unit consists of one common share of the Company and one common share purchase

(Unaudited - Expressed in Canadian Dollars)

5. CONVERTIBLE DEBENTURES, continued

warrant exercisable at a price of $0.15 until December 6, 2027. No finders fees were paid in connection with this offering.

The fair value of the debt is estimated to be $385,185 based on discounted cash flows using an estimated market rate of 21% with no conversion feature. The value of the equity component is $114,815 by applying the residual approach. The effective interest rate of the debt is approximately 25%.

During the six months ended January 31, 2025, the Company recorded accretion of $136,174 (2024 - $66,661).

		Liability Component
Balance, July 31, 2023	$	657,745
Convertible debenture issued for cash		168,325
Accretion and interest		162,017
Balance, July 31, 2024	$	988,087
Convertible debenture issued for cash		385,185
Debenture converted to common shares		(100,000)
Debenture repaid		(250,000)
Accretion and interest		136,174
Balance at January 31, 2025	$	1,159,446

6. SHARE CAPITAL

Authorized

Unlimited common shares without par value

Issued

At January 31, 2025, there were 20,050,000 (July 31, 2024 - 9,050,000) issued and outstanding common shares.

Six months ended January 31, 2025

On November 8, 2024, the Company completed its Initial Public Offering ("IPO") of 10,000,000 common shares at $0.10 per share for gross proceeds of $1,000,000. As at January 31, 2025, the Company has incurred $201,456 in financing costs relating to the IPO (July 31, 2024 - $58,848 in deferred financing costs related to the IPO).

On January 23, 2025, 1,000,000 common shares were issued on a partial conversion of a convertible debenture (note 5).

(Unaudited - Expressed in Canadian Dollars)

6. SHARE CAPITAL, continued

From incorporation on February 1, 2023 to July 31, 2024

On February 8, 2023, the Company completed a private placement by issuing 2,500,000 units at $0.02 per unit for gross proceeds of $50,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable at a price of $0.10 until February 8, 2028. All proceeds were allocated to common shares with $Nil value allocated to warrants using the residual method.

On March 1, 2023, the Company completed a private placement by issuing 4,150,000 units (the "Unit") at $0.05 per Unit and 2,400,000 flow-through units (the "FT Unit") at $0.05 per FT Unit for gross proceeds of $327,500. Each Unit consists of one common share and one share purchase warrant. Each FT Unit consists of one flow common share and one share purchase warrant. Each warrant is exercisable at a price of $0.10 until March 1, 2028. All proceeds were allocated to common shares with $Nil value allocated to warrants using the residual method.

For the purposes of calculating any premium related to the issuance of the flow-through shares, the Company compares the per share price of non flow-through financing to the per share price of the flow-through shares to determine if there was a premium paid on the flow-through shares. The Company has allocated $Nil to flow-through premium on issuance of the flow-through shares.

No finders' fees or commissions were payable in connection with these financings.

Warrant reserve

Warrant reserve consists of the value of the equity component of the convertible debentures and the detachable warrants issued as consideration until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Warrants

A summary of common share purchase warrants activity for the six months ended January 31, 2025 and the year ended July 31, 2024 is presented below:

	Six months ended January 31, 2025		Year ended July 31, 2024	
	Number of Warrants Exercisable	**Weighted average exercise price**	**Number of Warrants Exercisable**	**Weighted average exercise price**
Outstanding - beginning of period	21,550,000	$ 0.10	19,050,000	$ 0.10
Issued	-	-	2,500,000	0.10
Cancelled	(21,550,000)	0.10	-	0.10
Outstanding - end of period	-	$ 0.10	21,550,000	$ 0.10

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below.

Key management personnel consist of directors and officers of the Company. During the six months ended January 31, 2025, total compensation paid to key management personnel is as follows:

a) Management fees of $4,000 (2024 - $2,400) to the Chief Executive Officer ("CEO") and director of the Company.

b) Accounting fees of $5,915 (2024 - $6,446) to a company controlled by a director of the Company.

8. CAPITAL MANAGEMENT

The Company manages its capital structure, consisting of working and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The exploration and evaluation assets in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the six months ended January 31, 2025.

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Fair value

As at January 31, 2025, the Company's financial instruments consisted of cash, short-term investments, accounts payable and accrued liabilities, and convertible debentures. In management's opinion, the Company's carrying values of cash, short-term investments, accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these instruments. The convertible debentures are required to assess the appropriate market interest rates to estimate the fair value. This liability is initially recognized at fair value and subsequently measured at amortized cost. As convertible debentures were recently issued (less than two years), management considers there is no material change of market interest rates since they were issued, therefore their fair value is not materially different from its carrying value at January 31, 2025.

Financial instruments measured at fair value are classified into one of three 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 which are observable for the asset or liability either directly or indirectly;
Level 3: Inputs that are not based on observable market data

As at January 31, 2025 and during the six months ended January 31, 2025, the Company does not have any financial instruments measured at fair value on a recurring basis.

Categories of financial instruments

The Company has the following financial instruments as at January 31, 2025:

	Amortized cost	
	January 31, 2025	**July 31, 2024**
Financial assets:		
Cash	$ 841,749	$ 391,978
Short-term investments	$ 500,000	$ -
Financial liabilities:		
Accounts payable and accrued liabilities	$ 27,577	$ 103,371
Convertible debentures	$ 1,159,446	$ 988,087

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, continued

Risk management

The Company's financial instruments are exposed to the following risks:

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 cash and short-term investments are held at a large Canadian financial institution and therefore are not subject to credit risk. The Company's secondary exposure to risk on its sales tax receivable is minimal since it is recoverable from the Canadian government.

Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not materially exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents balances at variable rates. The risk is minimal.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources.