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# **Windfall Geotek Inc.**

## **Condensed Interim Consolidated Financial Statements**

**For the Six Months Ended August 31, 2023 and August 31, 2022**

(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 condensed interim consolidated financial statements have not been reviewed by an auditor.

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

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

# Windfall Geotek Inc.

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Note	August 31, 2023	February 28, 2023
<b>Current Assets</b>			
Cash		\$ 817,128	\$ 1,282,810
Amounts receivable	5	302,852	186,136
Prepaid expenses		34,417	27,675
Marketable securities	6	858,475	1,018,364
		<u>2,012,872</u>	<u>2,514,985</u>
<b>Non-current assets</b>			
Office equipment	7	8,187	11,541
Exploration and evaluation assets	8	1	1
		<u>8,188</u>	<u>11,542</u>
<b>TOTAL ASSETS</b>		<u>\$ 2,021,060</u>	<u>\$ 2,526,527</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	9	\$ 79,471	\$ 99,304
		<u>79,471</u>	<u>99,304</u>
<b>Equity</b>			
Share capital	11	42,914,048	42,914,048
Contributed surplus	11	7,507,379	7,510,535
Warrants	11	60,356	1,468,754
Deficit		(48,540,194)	(49,466,114)
		<u>1,941,589</u>	<u>2,427,223</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 2,021,060</u>	<u>\$ 2,526,527</u>

Nature of operations (Note 1)

Events after the reporting period (Note 18)

Approved by the Board of Directors:

“Simran Kamboj”  
Director

“Dinesh Kandanchatha”  
Director

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

# Windfall Geotek Inc.

## Condensed Interim Consolidated Statements of Operations

For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended August 31,		Six months ended August 31,	
		2023	2022	2023	2022
<b>Revenue</b>					
AI services		\$ 5,000	\$ 435,000	\$ 247,500	\$ 517,176
<b>Operating expenses</b>					
Amortization and depreciation	7	(1,677)	(1,677)	(3,354)	(3,354)
Exploration and evaluation expenditures	8	(12,000)	(20,520)	(27,200)	(73,675)
General and administration	12 & 13	(270,779)	(325,268)	(603,624)	(734,264)
Share-based compensation	11 & 13	-	(17,371)	(2,186)	(155,041)
		(284,456)	(364,836)	(636,364)	(966,334)
<b>Operating loss</b>		(279,456)	70,164	(388,864)	(449,158)
Unrealized gain (loss) on marketable securities	6	(85,928)	(296,574)	(284,836)	(531,828)
Gain on sale of marketable securities	6	-	-	39,433	-
Gain on disposal of mining assets	8	-	-	146,447	310,000
Gain on CEBA loan	10	-	-	-	10,000
Other revenue		-	9,432	-	9,432
		(85,928)	(287,142)	(98,956)	(202,396)
<b>Net Loss and comprehensive loss for the period</b>		\$ (365,384)	\$ (216,978)	\$ (487,820)	\$ (651,554)
<b>Weighted average number of outstanding common shares</b>					
Basic and diluted		133,595,628	133,478,237	133,595,628	133,086,932
<b>(Loss) per share</b>					
Basic and diluted		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

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

**Windfall Geotek Inc.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**For the six months ended August 31, 2023 and August 31, 2022**  
(Unaudited - Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital (Note 11)	Contributed Surplus (Note 11)	Warrants (Note 11)	Deficit	Total Equity
<b>Balance, February 28, 2022</b>	<b>132,695,628</b>	<b>\$ 42,832,254</b>	<b>\$ 7,543,196</b>	<b>\$ 1,777,821</b>	<b>\$ (49,013,911)</b>	<b>\$ 3,139,360</b>
Proceeds received for warrant exercise	900,000	81,794	-	(18,794)	-	63,000
Share-based compensation	-	-	155,041	-	-	155,041
Net loss and comprehensive loss for the period	-	-	-	-	(651,554)	(651,554)
<b>Balance, August 31, 2022</b>	<b>133,595,628</b>	<b>42,914,048</b>	<b>7,698,237</b>	<b>1,759,027</b>	<b>(49,665,465)</b>	<b>2,705,847</b>
Warrants exercised	-	-	-	-	-	-
Expired options	-	-	(191,678)	-	191,678	-
Expired warrants	-	-	-	(290,273)	290,273	-
Share-based compensation	-	-	3,976	-	-	3,976
Net loss and comprehensive loss for the period	-	-	-	-	(282,600)	(282,600)
<b>Balance, February 28, 2023</b>	<b>133,595,628</b>	<b>42,914,048</b>	<b>7,510,535</b>	<b>1,468,754</b>	<b>(49,466,114)</b>	<b>2,427,223</b>
Expired warrants	-	-	-	(1,408,398)	1,408,398	-
Expired options	-	-	(5,342)	-	5,342	-
Share-based compensation	-	-	2,186	-	-	2,186
Net loss and comprehensive loss for the period	-	-	-	-	(487,820)	(487,820)
<b>Balance, August 31, 2023</b>	<b>133,595,628</b>	<b>\$ 42,914,048</b>	<b>\$ 7,507,379</b>	<b>\$ 60,356</b>	<b>\$ (48,540,194)</b>	<b>\$ 1,941,589</b>

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

# Windfall Geotek Inc.

## Condensed Interim Consolidated Statements of Cash Flows

For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Net loss for the period	\$ (487,820)	\$ (651,554)
Items not affecting cash:		
Amortization and depreciation	3,354	3,354
Unrealized loss (gain) on marketable securities	284,836	531,828
Revenue received as common shares	-	(9,432)
Gain on disposal of mining assets	(146,447)	-
Gain on sale of marketable securities	(39,433)	-
Gain on CEBA loan	-	(10,000)
Share-based compensation	2,186	155,041
	<u>(383,324)</u>	<u>19,237</u>
Changes in working capital items:		
Amounts receivable	(116,716)	(295,098)
Prepaid expenses	(6,742)	(35,350)
Accounts payable and accrued liabilities	(19,833)	(20,279)
	<u>(526,615)</u>	<u>(331,490)</u>
<b>Cash flows used in operating activities</b>		
<b>Investing activities</b>		
Purchase of marketable securities	-	(190,000)
Proceeds received on disposition of marketable securities	60,933	-
	<u>60,933</u>	<u>(190,000)</u>
<b>Cash flows provided by (used in) investing activities</b>		
<b>Financing activities</b>		
Proceeds received for exercise of warrants	-	63,000
	<u>-</u>	<u>63,000</u>
<b>Cash flows provided by financing activities</b>		
<b>Net change in cash</b>	(465,682)	(458,490)
<b>Cash, beginning of period</b>	<u>1,282,810</u>	<u>1,873,426</u>
<b>Cash, end of period</b>	<u>\$ 817,128</u>	<u>\$ 1,414,936</u>

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

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 1. Nature of Operations

Windfall Geotek Inc. ("Windfall" or the "Company") was incorporated under the Canada Business Corporations Act (Alberta) on February 23, 1996. The nature of operations involves the acquisition, exploration, and development of mineral resource properties. Windfall Geotek Inc. and its subsidiaries (hereinafter the "Company") are in the exploration stage and do not derive any revenue from the development of their properties. The Company also offers artificial intelligence software services to help clients identify high-potential targets. The Company is exploring a new business model through which it will advance its' projects using the Company's artificial intelligence software platform. This transition from pure service revenues to service revenues plus asset accumulation is part of the Company's strategy to maximize returns to investors.

The Company's common shares are listed on the TSX Venture Exchange ("TSX.V") (the "Exchange") under the symbol WIN. The Company obtained a listing on the OTCQB effective October 21, 2020 under the symbol WINKF.

The Company's office is located at 7005 Taschereau Boulevard Suite 265, Brossard, Quebec, Canada, J4Z 1A7.

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, indigenous claims, and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These consolidated financial statements have been prepared by management on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the six months ended August 31, 2023, the Company incurred a net loss of \$487,820 (2022 - \$651,554) and had an accumulated deficit of \$48,540,194 as at August 31, 2023 (February 28, 2023 - \$49,466,114). As at August 31, 2023, the Company had working capital of \$1,933,401 (February 28, 2023 - \$2,415,681). The continuing operations of the Company are dependent upon its ability to continue to raise adequate equity financing in the future and repay its liabilities arising from normal business operations as they become due. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements were approved and authorized for issue by the board of directors on October 30, 2023.

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 2. STATEMENT OF COMPLIANCE, BASIS OF PRESENTATION, AND CONSOLIDATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 – Interim Financial Reporting. In addition, these condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) in effect on August 31, 2023 and the same accounting policies and methods of their application as the most recent annual financial statements for the Company. These condensed interim consolidated financial statements do not include all the disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audit financial statements for the year ended February 28, 2023.

In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ended February 28, 2024.

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All significant inter-company balances and transactions have been eliminated upon consolidation.

The following companies have been consolidated within these consolidated financial statements:

<b>Name of subsidiary</b>	<b>Place of incorporation</b>	<b>Ownership interest</b>	<b>Principal activity</b>
Private Ontario Corp.	Ontario, Canada	100%	Holding company
Tropic Diamonds Inc.	Ontario, Canada	100%	Holding company
Ampanihy Resources S.A.R.L	Madagascar	100%	Holding company
SIMACT Alliance Copper Gold Inc.	Montreal, Canada	100%	Exploration company



# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amount of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are noted below with further details of the assumptions contained in the relevant note.

The preparation of these condensed interim consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

The critical estimates and judgments applied in the preparation of the unaudited condensed interim consolidated financial statements for the six months ended August 31, 2023 are consistent with those applied and disclosed in Note 4 to the Company's audited consolidated financial statements for the year ended February 28, 2023.

##### *a) Foreign currency translation*

The functional currency of the Company and its subsidiaries is the Canadian dollar. Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate in effect at the financial statement date. Exchange gains or losses arising from these translations are recognized in profit or loss for the reporting period.

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 4. INTANGIBLE ASSETS

On March 13, 2017, the Company signed an Asset Purchase Agreement (the "Agreement") with Diagnos Inc. ("Diagnos") for the purchase of the assets from Diagnos' mining division, including the Computer Aided Resources Detection System (the "CARDS"). Pursuant to the Agreement, the Company will remit to Diagnos (i) 50% of any payment that the Company receives from the royalty agreements forming part of the acquired assets; and (ii) 5% of revenues generated by the commercialization of the CARDS in the mining sector activity.

Since acquiring CARDS, the Company determined that CARDS was not adequate and developed its own internal AI software, which is utilized when performing AI services for the Company's clients. As a result, the Company has not been using CARDS in its operations. (Note 17).

As at February 28, 2023, CARDS was fully amortized to \$nil (February 28, 2022 - \$1).

	August 31, 2023	February 28, 2023
Cost:		
Balance, beginning and end of year	\$ 750,000	\$ 750,000
Accumulated depreciation:		
Balance, beginning of year	(750,000)	(749,999)
Additions during the year	-	(1)
Balance, end of year	(750,000)	(749,999)
Net book value:		
Balance, beginning of year	-	1
Decrease during the year	-	(1)
Balance, end of year	\$ -	\$ -

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 5. ACCOUNTS RECEIVABLE

	August 31, 2023	February 28, 2023
Trade receivables	\$ 286,914	\$ 216,572
GST/QST receivable	15,938	14,564
	302,852	231,136
Allowance for doubtful accounts	-	(45,000)
Balance, end of year	\$ 302,852	\$ 186,136

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 6. MARKETABLE SECURITIES

Marketable securities consist of equity securities of customers purchased by the Company or received as option payments, which the Company does not have control or significant influence over.

As at August 31, 2023 and February 28, 2023, the change in marketable securities is as follows:

	August 31, 2023	February 28, 2023
Balance, beginning of year	\$ 1,018,364	\$ 1,263,490
Purchases	-	190,000
Subscriptions received	-	100,000
Received as revenue	-	20,000
Received as other income	-	16,169
Received on the disposal of mining assets	146,447	65,000
Dispositions	(21,500)	(156,250)
Unrealized gain (loss) on marketable securities	(284,836)	(480,045)
Balance, end of year	\$ 858,475	\$ 1,018,364

As at August 31, 2023, the Company held the following marketable securities:

Company	Shares Held	Cost	Fair Value
Big Tree Carbon Inc	700,000	\$ 96,000	\$ 42,000
Blue Thunder Mining Inc.	265,957	50,000	13,298
Canadian Copper Inc	64,676	16,169	7,114
Catalyst Mines Inc. (private)	1,000,000	100,000	100,000
Dryden Gold Corp (private)	80,000	20,000	8,000
BWR Exploration Inc.	1,500,000	75,000	45,000
Power Nickel Inc.	535,000	53,500	133,750
Flow Metals Corp.	110,000	115,000	6,600
Renegade Gold Inc. *	18,593	175,000	8,181
Platinex Inc	1,000,000	50,000	40,000
Playfair Mining Ltd.	2,000,000	100,000	60,000
Puma Exploration Inc.	1,200,000	215,000	192,000
MacDonald Mines Exploration	300,000	120,000	21,000
Nine Mile Metals Ltd.	232,143	65,000	22,054
S2 Minerals Inc.	526,315	78,947	39,474
QC Copper and Gold Corp.	500,000	67,500	75,000
Quebec Precious Metals Corporation	562,553	123,762	45,004
		\$ 1,520,878	\$ 858,475

\* On June 22, 2023, Trillium Gold Mines ("Trillium") acquired Pacton Gold Inc. ("Pacton") by issuing 1.275 Trillium shares for each Pacton share. On July 19, 2023, Trillium changed its name to Renegade Gold Inc. and completed a 10:1 share consolidation. As a result, the Company's share position was reduced to 18,593 shares.

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 6. MARKETABLE SECURITIES (continued)

As at February 28, 2023, the Company held the following marketable securities:

Company	Shares Held	Cost	Fair Value
Big Tree Carbon Inc	700,000	\$ 96,000	\$ 38,500
Blue Thunder Mining Inc. *	265,957	50,000	13,298
Canadian Copper Inc	64,676	16,169	7,114
Catalyst Mines Inc. (private)	1,000,000	100,000	100,000
Dryden Gold Corp (private)	80,000	20,000	20,000
BWR Exploration Inc.	1,500,000	75,000	45,000
Power Nickel Inc.	750,000	75,000	228,750
Flow Metals Corp.	110,000	115,000	12,100
Pacton Gold Inc.	145,833	175,000	26,250
Platinex Inc	1,000,000	50,000	40,000
Playfair Mining Ltd.	2,000,000	100,000	130,000
Puma Exploration Inc.	1,200,000	215,000	222,000
MacDonald Mines Exploration **	300,000	120,000	27,000
Nine Mile Metals Ltd.	232,143	65,000	66,161
Quebec Precious Metals Corporation	562,553	123,762	42,191
		\$ 1,395,931	\$ 1,018,364

\* On December 16, 2022, Blue Thunder Mining Inc. completed a 4.7:1 share consolidation. As a result, the Company's share position was reduced from 1,250,000 shares to 267,957 shares.

\*\* On December 8, 2022, MacDonald Mines Exploration completed a 10:1 share consolidation. As a result, the Company's share position was reduced from 3,000,000 shares to 300,000 shares.

- On March 22, 2023, the Company received 500,000 shares (\$67,500) of QC Copper and Gold Inc. as proceeds for the sale of the Chapais property (Note 8), which is included in the gain on disposal of mining assets.
- On April 17, 2023, the Company received 526,315 shares (\$78,947) of S2 Minerals Inc. as additional proceeds for the sale of the Ring of Fire property (Note 8), which is included in the gain on disposal of mining assets.
- During the six months ended August 31, 2023, the Company disposed of 215,000 shares of Power Nickel Inc. with a cost base of \$21,500, for total proceeds of \$60,933, realizing a gain on the sale of marketable securities of \$39,433.

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 6. MARKETABLE SECURITIES (continued)

- During the year ended February 28, 2023, Puma Exploration Inc. (“Puma”) accelerated the expiry of their warrants. As a result, the Company exercised 700,000 warrants with an exercise price of \$0.20 (\$140,000) and received 700,000 common shares of Puma.
- On May 4, 2022, the Company subscribed for 1,000,000 units of Platinex Inc. (“Platinex”) for a price of \$0.05 per unit (\$50,000). Each unit consisted of one common share and one-half share purchase warrant (500,000 whole warrants). Each whole warrant is exercisable into one common share of Platinex at an exercise price of \$0.07 for a period of two years.
- During the year ended February 28, 2023, the Company received 80,000 shares of Dryden Gold Corp. (\$20,000) for consideration for services.
- During the year ended February 28, 2023, the Company received 232,143 shares of Nine Mile Metals Ltd. (\$65,000) as consideration for the transferring of claims, which is included in the gain on disposal of mining assets.
- During the year ended February 28, 2023, Puma distributed its’ share holdings in Canadian Copper Inc. (“Canadian Copper”) to its’ shareholders. As a result, the Company received 64,676 shares of Canadian Copper valued at \$16,169, which is included in other income.
- During the year ended February 28, 2023, the Company disposed of 1,000,000 shares of Dios Exploration Inc, with a cost base of \$91,250, for total proceeds of \$115,478, realizing a gain on the sale of marketable securities of \$24,228.
- During the year ended February 28, 2023, the Company disposed of 650,000 shares of Power Nickel Inc., with a cost base of \$65,000, for total proceeds of \$183,321, realizing a gain on the sale of marketable securities of \$118,321.

As at August 31, 2023 and February 28, 2023, the Company held the following share purchase warrants that are exercisable into one common share of the on marketable securities:

Company	Warrants	Exercise price	Expiry Date
MacDonald Mines Exploration	150,000	\$ 0.70	November 9, 2023
Catalyst Mines Ltd.	500,000	\$ 0.20	January 3, 2024
Platinex Inc.	500,000	\$ 0.07	May 4, 2024
Blue Thunder Mining Inc.	265,957	\$ 0.33	December 29, 2024
Dios Exploration Inc.	250,000	\$ 0.10	August 12, 2026

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

### 7. OFFICE EQUIPMENT

	August 31, 2023	February 28, 2023
Cost:		
Balance – Beginning of year	\$ 33,548	\$ 33,548
Additions during the year	-	-
Balance, end of year	33,548	33,548
Accumulated depreciation:		
Balance, beginning of year	(22,007)	(15,299)
Additions during the year	(3,354)	(6,708)
Balance, end of year	(25,361)	(22,007)
Net book value:		
Balance, beginning of year	11,541	18,249
Decrease during the year	(3,354)	(6,708)
Balance, end of year	\$ 8,187	\$ 11,541

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 8. EXPLORATION AND EVALUATION ASETS

##### **Marshall Lake**

On March 17, 2022, the Company entered into a property option agreement with a private Canadian company ("Private-Co"), pursuant to which Private-Co was granted the option to earn up to an undivided 90% interest in certain claims comprising the Marshall Lake property. In order for Private-Co to acquire an undivided 90% interest in the claims, it must:

- Pay \$10,000 (received) in cash to the Company and incur \$75,000 in exploration expenditures within 30 days following the effective date of the option agreement whereafter the optionee shall have earned 20% legal interest in the property;
- On or before March 17, 2023, pay \$10,000 (received) in cash to the Company and incur an additional \$100,000 in exploration expenditures whereafter the optionee shall have earned 40% legal interest in the property; and
- On or before March 17, 2024, pay \$10,000 in cash to the Company and incur an additional \$150,000 in exploration expenditures whereafter the optionee shall have earned 90% legal interest in the property.

Upon exercise of the option, the Company shall become entitled to a 2% NSR.

During the six months ended August 31, 2023, the Optionee provided notice to the Company that they would not be exercising their option to earn 90% of the claims.

##### **Ontario Claims 1 – Burnt Bush**

On August 17, 2022, the Company entered into a property option agreement with a private Canadian company ("the Optionee"), pursuant to which the Optionee was granted the option to earn up to a 100% interest in certain claims in the province of Ontario. In consideration for a series of payments to the Company consisting of cash and common shares along with exploration expenditures.

During the six months ended August 31, 2023, the Optionee provided notice to the Company that they would not be exercising their option to earn 100% of the claims.

##### **Ontario Claims 2 – Barnett**

On August 17, 2022, the Company entered into a property option agreement with the Optionee, pursuant to which the Optionee was granted the option to earn up to a 100% interest in certain claims in the province of Ontario. In consideration for a series of payments to the Company consisting of cash and common shares along with exploration expenditures.

During the six months ended August 31, 2023, the Optionee provided notice to the Company that they would not be exercising their option to earn 100% of the claims.



# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 8. EXPLORATION AND EVALUATION ASETS (continued)

##### **Chapais**

On March 3, 2023, the Company entered into a mining property acquisition agreement with QC Copper & Gold Inc. ("QC") whereby QC has acquired certain claims comprising the Chapais property by issuing 500,000 common shares of QC (\$67,500 – received) to the Company. The Company will retain a 2% net smelter royalty ("NSR"), which the purchaser can buy back 1% of the NSR for \$1,000,000.

##### **Ring of Fire, Northern Ontario**

On March 18, 2022, the Company sold claims in northern Ontario for total proceeds of \$300,000 cash (received) plus a 2% NSR. The purchaser can buy back 1% of the NSR for \$1,000,000. Pursuant to the original agreement, the Company is to receive additional compensation if the property is acquired by a public company within an allotted time frame. On April 17, 2023, the Company received 526,315 shares (\$78,947) of S2 Minerals Inc. ("S2") upon S2 acquiring the property.

##### **New Brunswick**

On January 11, 2023, the Company entered into an agreement to sell a New Brunswick mineral claim to Nine Mile Metals Ltd. for total consideration of \$65,000 payable in common shares (232,143 common shares - received) plus a 2% NSR. The purchaser can buy back 1% of the NSR for \$500,000.

##### **Ontario properties**

As at August 31, 2023, the Company owns a total of 5,949 claims (February 28, 2023 - 5,945 claims) in the province of Ontario.

##### **Quebec properties**

As at August 31, 2023, the Company owns a total of 1,193 claims (February 28, 2023 – 1,193 claims) in the province of Quebec.

##### **New Brunswick properties**

As at August 31, 2023, the Company owns a total of five claims (February 28, 2023 - 5 claims) in the province of New Brunswick.

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 8. EXPLORATION AND EVALUATION ASETS (continued)

##### Exploration and Evaluation Expenditures

During the six months ended August 31, 2023 and 2022, the Company incurred the following expenses relating to its mineral claims:

	Three months August 31, 2023	Three months August 31, 2022	Six months August 31, 2023	Six months August 31, 2022
Claim staking	-	-	2,500	20,192
Geological consulting	12,000	20,520	24,700	53,483
	\$ 12,000	\$ 20,520	\$ 27,200	\$ 73,675

#### 9. ACCOUNTS PAYABLE and ACCRUED LIABILITIES

	August 31, 2023	February 28, 2023
Accounts payable (Note 13)	\$ 46,471	\$ 69,304
Accrued liabilities	33,000	30,000
	\$ 79,471	\$ 99,304

#### 10. CEBA LOAN

On April 27, 2020, the Company received a \$40,000 loan ("Principal"). During the initial term expiring on December 31, 2023, the Company is not required to repay any portion of the loan and no interest will be paid. The loan can be repaid at any time without penalty. If the Company repays at least 75% of the loan on or before December 31, 2023, the remaining balance of the loan will be forgiven ("Early Repayment Forgiveness"). During the year ended February 28, 2023, the Company completed the repayment of 75% of the Principal and recognized a gain on CEBA loan of \$10,000 relating to the amount of the Early Payment Forgiveness.

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 11. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued and outstanding

As at August 31, 2023, the issued share capital was comprised of 133,595,628 (February 28, 2023 – 132,695,628) common shares.

There were no share issuances during the six months ended August 31, 2023.

During the year ended February 28, 2023, the Company issued common shares as follows:

- On June 12, 2022, 900,000 warrants with an exercise price of \$0.07 were exercised for total proceeds of \$63,000. As a result, \$18,794 was allocated to share capital from warrant reserve.

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

### 11. SHARE CAPITAL (cont'd...)

#### c) Stock options

The Company has a stock option plan whereby the Board of Directors may grant to directors, officers, or consultants of the Company options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions of the grant of options. The Board of Directors approved a “rolling” stock option plan (the “Plan”) reserving a maximum of 10% of the shares of the Company at the time of the stock option grant, with a vesting period allowed of zero up to 18 months, when the grant of option is made at market price, for the benefit of its directors, officers, employees, and consultants. The Plan provides that no single person may hold options representing more than 5% of the outstanding common shares. The number of stock options granted to a beneficiary and the vesting period are determined by the Board of Directors.

The exercise price of any option granted under the Plan is fixed by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed five years from the date of grant. Options are not transferable and can be exercised while the beneficiary remains a director, an officer, an employee, or consultant of the Company and between three and 12 months after the beneficiary has left.

The changes to the number of stock options granted by the Company and their weighted average exercise price are as follows:

	August 31, 2023		February 28, 2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Stock options				
Balance, beginning of year	8,860,000	\$ 0.10	8,700,000	\$ 0.10
Granted	-	-	1,655,000	0.075
Expired	(40,000)	0.20	(1,250,000)	0.10
Cancelled	-	-	(245,000)	0.10
Balance, end of year	8,820,000	0.10	8,860,000	0.10
Options exercisable, end of year	8,490,000	\$ 0.10	8,427,500	\$ 0.10

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 11. SHARE CAPITAL (cont'd...)

##### c) Stock options (cont'd...)

As at August 31, 2023, the Company had the following stock options outstanding:

Expiry Date	Exercise Price	Options	Options Exercisable	Weighted Average Life
September 18, 2023*	\$ 0.05	800,000	800,000	0.05
November 25, 2024	0.07	50,000	50,000	1.22
July 7, 2025	0.09	1,300,000	1,300,000	1.83
March 23, 2026	0.10	2,500,000	2,500,000	2.53
March 29, 2026	0.10	1,100,000	1,100,000	2.55
April 20, 2026	0.42	200,000	200,000	2.60
May 11, 2026	0.30	90,000	60,000	2.66
December 22, 2026	0.095	900,000	600,000	3.27
February 1, 2027	0.085	250,000	250,000	3.37
October 4, 2027	\$ 0.075	1,630,000	1,630,000	4.04
		8,820,000	8,490,000	2.58

During the six months ended August 31, 2023, \$2,186 (2022 – \$137,670) has been recognized as share-based compensation in the consolidated statement of operations.

- On August 15, 2023, 15,000 options with an exercise price of \$0.30 expired unexercised. As a result, \$4,037 was allocated to deficit from contributed surplus.
- On August 15, 2023, 25,000 options with an exercise price of \$0.075 expired unexercised. As a result, \$1,305 was allocated to deficit from contributed surplus.

Options issued:

- (i) On October 4, 2022, the Company issued 1,655,000 options to certain Directors, consultants, and employees. The options are exercisable for five years at an exercise price of \$0.075 per option and vested 100% on the date of grant.

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 11. SHARE CAPITAL (cont'd...)

##### c) Stock options (cont'd...)

There were no stock options issued during the six months ended August 31, 2023.

During the year ended February 28, 2023, share-based compensation fair value was calculated on stock option based on the following assumptions:

<b>Grant Date</b>	<b>October 4 2022</b>
Number of options	1,655,000
Exercise price	\$0.075
Risk free interest	3.21%
Expected volatility	136.71%
Expected life (years)	5
Estimated fair value per option	\$0.052
Estimated fair value	\$86,344
Forfeiture rate	0.00%

The underlying expected volatility was determined by reference to historical data of the Company's shares on the Exchange over the expected average life of the options. No special features inherent in the options granted were incorporated into measurement of fair value.

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 11. SHARE CAPITAL (cont'd...)

##### d) Warrants

As at August 31, 2023 and February 28, 2023, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	February 28, 2023	February 28, 2023
April 11, 2024	\$0.095	1,536,180	1,536,180
March 17, 2023*	\$0.50	-	10,000,080
		1,536,180	11,536,260

\*On March 17, 2023, 10,000,080 warrants with an exercise price of \$0.50 expired unexercised.

Changes in the Company's warrants are as follows:

	Number of warrants	Weighted average exercise price
Balance, February 28, 2022	24,282,927	0.25
Exercised	(900,000)	0.07
Expired	(11,846,667)	0.075
Balance, February 28, 2023	11,536,260	0.45
Expired	(10,000,080)	0.50
Balance, August 31, 2023	1,536,180	\$ 0.095

The weighted average contractual life of all warrants outstanding as at August 31, 2023, is 0.61 years (February 28, 2023 – 0.19 years).

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 12. GENERAL AND ADMINISTRATION

	Three months August 31, 2023	Three months August 31, 2022	Six months August 31, 2023	Six months August 31, 2022
Consulting fees and salaries (Note 13)	\$ 206,211	\$ 265,667	\$ 479,198	\$ 594,086
Travel and promotion	3,559	4,480	3,766	37,397
Shareholder information	18,891	22,528	29,820	45,813
Professional fees	21,581	16,146	50,157	19,514
General & Administration	20,537	16,447	40,683	37,454
	\$ 270,779	\$ 325,268	\$ 603,624	\$ 734,264

#### 13. RELATED PARTY TRANSACTIONS

Related party transactions are recorded at the exchange amount as agreed by the parties. Related party transactions not otherwise disclosed in the financial statements are:

	Three months August 31, 2023	Three months August 31, 2022	Six months August 31, 2023	Six months August 31, 2022
Consulting fees	\$ 45,000	\$ 45,000	\$ 90,000	\$ 90,000
Commissions	-	-	-	-
Salaries and benefits	53,711	51,154	146,884	145,000
Share-based compensation	-	17,257	2,186	119,498
	\$ 98,771	\$ 113,411	\$ 239,070	\$ 354,498

#### Due to/from related parties

As at August 31, 2023, the amount due to related parties is \$18,645 (February 28, 2023 - \$23,778) and the amount due from related parties is \$Nil (February 28, 2023 - \$Nil).



# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 14. SEGMENT INFORMATION

The Company has determined that it operates in two segments, being acquisition, exploration, and development of mineral properties for economically recoverable reserves in Canada and providing AI services. During the six months ended August 31, 2023, the Company's revenue relates to the providing of AI services to clients in the mineral exploration industry. All the non-current assets are located in Canada.

#### 15. MANAGEMENT OF CAPITAL

The Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns for shareholders. Management adjusts the capital structure as necessary to support the acquisition, exploration, and development of its mineral properties and to further develop its AI services business. The Company's primary source of funds comes from revenues derived from the AI services business and through the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company defines its capital as equity. Capital requirements are driven by the Company's AI services business and exploration activities on its mineral properties. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments, and exploration activities.

There have been no changes to the Company's approach to capital management during the six months ended August 31, 2023.

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 16. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

##### Market Risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at August 31, 2023 and 2022, the Company is not exposed to currency risk.

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate because of changes in market risk. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

##### (iii) Price rate risk

The Company has no exposure to price risk with respect to equity prices as the Company is not listed. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. As at August 31, 2023 and 2022, the Company holds shares of publicly listed companies (Note 6) and is exposed to market risk from unfavourable or favourable changes in market conditions.

##### Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 16. FINANCIAL INSTRUMENTS (cont'd)

##### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At August 31, 2023, the Company has a cash balance of \$817,128 to settle current liabilities of \$79,471. As such, management feels the Company has sufficient cash to fund corporate overhead costs and the repayment of the Company's debt obligations for the next year. The Company's exposure to liquidity risk is currently negligible, however, the Company may require additional equity financings in the future if future revenues cannot sustain operational cash flows.

##### Fair Value Measurements

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.

As at August 31, 2023, the Company's financial instruments consist of cash, accounts receivable, marketable securities and accounts payable and accrued liabilities. Marketable securities are accounted for as FVTPL with \$750,475 using level 1 inputs and \$108,000 using level 2 inputs. Accounts payable and accrued liabilities are classified as amortized cost. The fair value of cash, receivables, and accounts payable and accrued liabilities approximates its carrying value because of the short-term nature of the instruments.

# Windfall Geotek Inc.

## Notes to the condensed interim consolidated financial statements

### For the six months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### 17. CONTINGENT LIABILITES

On March 13, 2017, the Company signed the original Agreement with Diagnos for the purchase of the assets from Diagnos' mining division, including the CARDS (Note 4).

Since acquiring CARDS, the Company determined that CARDS was not adequate and developed its own internal AI software, which is utilized when performing AI services for the Company's clients. As a result, the Company has not been using CARDS in its operations.

On November 29, 2022, the Company received a demand letter from Diagnos related to royalties on the use of CARDS for commercial purposes. As the Company does not use CARDS when performing services for its clients, the Company's believes the claim against the Company is unfounded.

#### 18. EVENTS AFTER THE REPORTING PERIOD

- On September 15, 2023, 500,000 options with an exercise price of \$0.05 were exercised for total proceeds to the Company of \$25,000.
- On September 18, 2023, 300,000 options with an exercise price of \$0.05 expired unexercised.