



# Hemlo Explorers

**Condensed Interim Financial Statements**

**Three and Six Months Ended July 31, 2024**

**(unaudited)**

**(expressed in Canadian dollars)**

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**Notice of non-review of condensed interim financial statements**

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In accordance with National Instrument 51-102 Continuous Disclosure Obligations of the Canadian Securities Administrators, notice is given that the condensed interim financial statements for the six month period ended July 31, 2024 have not been reviewed by the Company's auditors.

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**Hemlo Explorers Inc.**  
**Condensed Interim Statements of Financial Position**  
(Unaudited and expressed in Canadian dollars)

	July 31, 2024	January 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents <i>(note 5)</i>	\$ 144,492	\$ 99,027
Accounts receivable	24,804	164,423
Prepaid expenses	10,395	11,084
	179,691	274,534
<b>Non-current assets</b>		
Equipment, net <i>(note 7)</i>	3,903	4,764
	3,903	4,764
<b>Total Assets</b>	<b>\$ 183,594</b>	<b>\$ 279,298</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities <i>(note 16)</i>	\$ 109,770	\$ 137,252
Interest payable <i>(note 10)</i>	4,152	-
	113,922	137,252
<b>Non-current liabilities</b>		
Loan payable <i>(note 10)</i>	200,000	-
	313,922	137,252
<b>Shareholders' Equity</b>		
Share capital <i>(note 11)</i>	35,383,863	35,383,863
Contributed surplus <i>(note 12)</i>	7,832,800	7,832,800
Warrants <i>(note 13)</i>	642,712	642,712
Accumulated deficit	(43,989,703)	(43,717,329)
	(130,328)	142,046
<b>Total Equity and Liabilities</b>	<b>\$ 183,594</b>	<b>\$ 279,298</b>

Nature of operations and going concern *(note 1)*  
Subsequent events *(note 18)*

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

**Hemlo Explorers Inc.**  
**Condensed Interim Statements of Operations and Comprehensive Loss**  
(Unaudited and expressed in Canadian dollars)

	Three months ended July 31,		Six months ended July 31,	
	2024	2023	2024	2023
<b>Expenses</b>				
Exploration expenditures <i>(note 9 and 16)</i>	\$ 81,459	\$ 740,867	\$ 157,958	\$ 832,768
Management and administrative services <i>(note 16)</i>	66,249	66,006	130,397	127,452
Shareholder information	33,083	16,004	42,523	27,962
Professional and consulting fees	33,045	24,403	36,741	53,973
Office and administration	20,541	19,133	36,492	49,528
Interest accretion <i>(note 8)</i>	4,152	20	4,152	51
Depreciation and amortization <i>(note 7 and 8)</i>	431	3,057	861	6,115
Travel	-	-	-	841
Loss (gain) on fair value of marketable securities	-	-	-	(78,871)
Recovery of exploration expenditures <i>(note 9 and 16)</i>	(60,600)	(18,200)	(136,750)	(177,700)
Interest income	-	(2,347)	-	(5,394)
<b>Net loss and comprehensive loss</b>	<b>\$ (178,360)</b>	<b>\$ (848,943)</b>	<b>\$ (272,374)</b>	<b>\$ (836,725)</b>
<b>Basic &amp; diluted net loss per share <i>(note 14)</i></b>	<b>\$ (0.004)</b>	<b>\$ (0.021)</b>	<b>\$ (0.005)</b>	<b>\$ (0.022)</b>

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

**Hemlo Explorers Inc.**  
**Condensed Interim Statements of Cash Flows**  
(Unaudited and expressed in Canadian dollars)

For the six months ended July 31,	2024	2023
<b>Operating Activities</b>		
<b>Net loss</b>	\$ (272,374)	\$ (836,725)
Items not affecting cash and cash equivalents from operating activities:		
Interest income	-	(5,394)
Fair value of marketable securities	-	(78,871)
Depreciation and amortization	861	6,115
Interest accretion	4,152	51
<b>Changes in non-cash working capital items</b>		
Accounts receivable	139,619	(64,566)
Prepaid expenses	689	4,035
Exploration advances	-	(50,000)
Accounts payable and accrued liabilities	(27,482)	238,567
	(154,535)	(786,788)
<b>Financing Activities</b>		
Issue of common shares	-	1,136,700
Share issue costs	-	(85,498)
Unsecured Loan ( <i>note 10</i> )	200,000	-
Repayment of lease liability ( <i>note 8</i> )	-	(4,765)
	200,000	1,046,437
<b>Investing Activities</b>		
Interest income	-	5,394
Sale of marketable securities	-	123,608
	-	129,002
<b>Net change in cash and cash equivalents</b>	45,465	388,651
<b>Cash and cash equivalents, beginning of period</b>	99,027	327,751
<b>Cash and cash equivalents, end of period</b>	\$ 144,492	\$ 716,402

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

**Hemlo Explorers Inc.**  
**Condensed Interim Statements of Changes in Equity**  
(Unaudited and expressed in Canadian dollars)

	<u>Share Capital</u>		<u>Reserves</u>			<b>Total</b>
	<b>Number of shares</b>	<b>Amount</b>	<b>Contributed surplus</b>	<b>Warrants</b>	<b>Accumulated deficit</b>	
<b>Balance, January 31, 2023</b>	<b>36,829,367</b>	<b>\$ 34,714,591</b>	<b>\$ 7,809,827</b>	<b>\$ 285,786</b>	<b>\$ (42,457,931)</b>	<b>\$ 352,273</b>
Private placements ( <i>note 11</i> )	13,895,553	1,136,700	-	-	-	1,136,700
Value of private placements attributed to warrants		(364,042)		364,042		
Cost of issue of private placements	-	(101,355)	-	15,857	-	(85,498)
Fair value of warrants expired	-	-	22,973	(22,973)	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(836,725)	(836,725)
<b>Balance, July 31, 2023</b>	<b>50,724,920</b>	<b>\$ 35,385,894</b>	<b>\$ 7,832,800</b>	<b>\$ 642,712</b>	<b>\$ (43,294,656)</b>	<b>\$ 566,750</b>
Cost of issue of private placement	-	(2,031)	-	-	-	(2,031)
Net loss and comprehensive loss for the period	-	-	-	-	(422,673)	(422,673)
<b>Balance, January 31, 2024</b>	<b>50,724,920</b>	<b>\$ 35,383,863</b>	<b>\$ 7,832,800</b>	<b>\$ 642,712</b>	<b>\$ (43,717,329)</b>	<b>\$ 142,046</b>
Net loss and comprehensive loss for the period	-	-	-	-	(272,374)	(272,374)
<b>Balance, July 31, 2024</b>	<b>50,724,920</b>	<b>\$ 35,383,863</b>	<b>\$ 7,832,800</b>	<b>\$ 642,712</b>	<b>\$ (43,989,703)</b>	<b>\$ (130,328)</b>

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

**Hemlo Explorers Inc.**  
**Notes to the Condensed Interim Financial Statements**  
For the three and six months ended July 31, 2024  
(Unaudited and expressed in Canadian dollars)

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**1. Nature of Operations and Going Concern**

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Hemlo Explorers Inc. (the "Company") was incorporated pursuant to the provision of the Business Corporations Act (of Alberta) on January 10, 2008. On July 21, 2008, the Company was authorized to continue its operations from the jurisdiction of Alberta to Ontario. The address of the Company's registered office is 141 Adelaide Street West, Suite 301, Toronto, Ontario M5H 3L5. Its principal business activity is the exploration of mineral properties. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the cumulative expenditures on mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

These condensed interim financial statements of the Company have been prepared on the basis of a going concern, 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 and that management does not intend to liquidate the entity, or has no realistic alternative but to do so. As at July 31, 2024, the Company had not yet achieved profitable operations, had a net loss of \$272,374 (2023 - loss of \$836,725) and had an accumulated deficit of \$43,989,703 (2023 - \$43,717,329), and expects to incur further losses in the foreseeable future, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. Realization values may be substantially different from carrying values as shown and these condensed interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to obtain necessary financing and generate operational profit to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. The Company intends to raise additional financing to address the going concern issue. The success of the Company's endeavors cannot be predicted at this time. There is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

**2. Basis of Presentation and Statement of Compliance**

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These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, they do not include all of the information required for full annual financial statements as required by IFRS. These condensed interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended January 31, 2024.

These condensed interim financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business, and on a historical cost basis except for the revaluation of certain financial instruments. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. The condensed interim financial statements were approved by the Board of Directors on September 27, 2024.

**Hemlo Explorers Inc.**  
**Notes to the Condensed Interim Financial Statements**  
For the three and six months ended July 31, 2024  
(Unaudited and expressed in Canadian dollars)

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**3. Material Accounting Policies**

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The financial framework and accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those as disclosed in the most recently completed audited annual financial statements for the year ended January 31, 2024.

**4. Critical Accounting Estimates and Significant Judgements**

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The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. The financial statements include judgments and estimates which, by their nature, are uncertain, and actual outcomes could differ. The impacts of such judgments and 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 also in future periods when the revision affects both current and future periods.

The preparation of these financial statements required the following critical accounting estimates and significant judgments:

- (i) The calculation of the fair value of warrants and stock options requires the use of estimates of inputs in the Black-Scholes option pricing model (notes 12 and 13).
- (ii) Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.
- (iii) The preparation of these financial statements requires management to make judgments regarding the going concern of the Company.

**5. Cash and Cash Equivalents**

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Cash and cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

	<b>July 31, 2024</b>	<b>January 31, 2024</b>
Cash	\$ 144,492	\$ 99,027
Cash and cash equivalents	<b>\$ 144,492</b>	<b>\$ 99,027</b>

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**Hemlo Explorers Inc.****Notes to the Condensed Interim Financial Statements**

For the three and six months ended July 31, 2024

(Unaudited and expressed in Canadian dollars)

**6. Marketable Securities**

During the year ended January 31, 2024, the Company sold its marketable securities for net proceeds of \$123,608. The Company held no marketable securities during the period ended July 31, 2024.

**7. Equipment**

	<b>Exploration Equipment</b>	<b>Office &amp; Computers</b>	<b>Total</b>
<b>Cost</b>			
Balance, January 31, 2023	\$ 11,804	\$ 13,843	\$ 25,647
Balance, January 31, 2024	11,804	13,843	25,647
<b>Balance, July 31, 2024</b>	<b>\$ 11,804</b>	<b>\$ 13,843</b>	<b>\$ 25,647</b>
<b>Accumulated depreciation</b>			
Balance, January 31, 2023	\$ (6,671)	\$ (11,242)	\$ (17,913)
Depreciation expense	(1,539)	(1,431)	(2,970)
Balance, January 31, 2024	(8,210)	(12,673)	(20,883)
Depreciation expense	(539)	(322)	(861)
<b>Balance, July 31, 2024</b>	<b>\$ (8,749)</b>	<b>\$ (12,995)</b>	<b>\$ (21,744)</b>
<b>Net book value</b>			
Balance, January 31, 2023	\$ 5,133	\$ 2,601	\$ 7,734
Balance, January 31, 2024	\$ 3,594	\$ 1,170	\$ 4,764
<b>Balance, July 31, 2024</b>	<b>\$ 3,055</b>	<b>\$ 848</b>	<b>\$ 3,903</b>



**Hemlo Explorers Inc.**  
**Notes to the Condensed Interim Financial Statements**  
For the three and six months ended July 31, 2024  
(Unaudited and expressed in Canadian dollars)

**8. Leases and Right of Use**

The following table summarizes the Company's lease liabilities:

<b>Balance, January 31, 2023</b>	<b>\$ 7,089</b>
Accretion of interest	59
Payments	(7,148)
<b>Balance, January 31, 2024</b>	<b>-</b>
<b>Balance, July 31, 2024</b>	<b>\$ -</b>
Current	\$ -
Non-current	-
<b>Total lease liabilities</b>	<b>\$ -</b>

The following table summarizes the Company's right-of-use asset:

<b>Balance, January 31, 2023</b>	<b>\$ 6,945</b>
Depreciation	(6,945)
<b>Balance, January 31, 2024</b>	<b>-</b>
<b>Balance, July 31, 2024</b>	<b>\$ -</b>

**9. Mineral Properties and Exploration Expenditures**

The total cumulative expenditures, net of recoveries, on each property in the Company's mineral property portfolio are as follows:

	Project Idaho	North Limb	Pic	Newfoundland	Belcher Islands & Other	Total
<b>January 31, 2023</b>	<b>\$ 810,566</b>	<b>\$ 3,960,218</b>	<b>\$ 7,545,852</b>	<b>\$ -</b>	<b>\$ 14,125,310</b>	<b>\$ 26,441,946</b>
Expenditures	1,238,083	28,655	11,351	-	129,486	1,407,575
Recoveries	(340,000)	(6,400)	(5,000)	-	(222,450)	(573,850)
<b>January 31, 2024</b>	<b>1,708,649</b>	<b>3,982,473</b>	<b>7,552,203</b>	<b>-</b>	<b>14,032,346</b>	<b>27,275,671</b>
Expenditures	3,940	11,024	2,900	9,945	130,149	157,958
Recoveries	-	-	-	-	(136,750)	(136,750)
<b>July 31, 2024</b>	<b>\$ 1,712,589</b>	<b>\$ 3,993,497</b>	<b>\$ 7,555,103</b>	<b>\$ 9,945</b>	<b>\$ 14,025,745</b>	<b>\$ 27,296,879</b>

## **9. Mineral Properties and Exploration Expenditures - continued**

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### **Project Idaho**

On April 23, 2017, the Company entered into an acquisition agreement (the "Black Raven Agreement") with StrikePoint Gold Inc. ("StrikePoint") to acquire a 100% interest in 6,640 hectares of mineral claims located adjacent to the Company's Wire Lake Claims with additional detail below. A 1,380-hectare portion of those claims were identified as Project Idaho, subject to the same terms as the Black Raven Agreement.

During the year ended January 31, 2024, the Company received \$340,000 from the Ontario Government under the Ontario Junior Exploration Program ("OJEP"). These amounts were recorded as recovery of costs relating to exploration expenditures on Project Idaho.

### **Pic Project**

#### *Staked Claims*

In addition to the option and claim purchases described below, the Company has staked mining claim cells that form a portion of the Pic Project.

#### *Wire Lake Claims*

On October 7, 2016, the Company entered into an option agreement with All-Terrain Track Sales & Services Ltd. ("ATTSS") to acquire a 100% interest in 4,047 hectares of mineral claims approximately 15 kilometres northeast of Marathon, Ontario. The option was completed on October 7, 2021 and the Company granted ATTSS a 2% net smelter returns ("NSR") royalty, one-half of which may be bought back for a lump sum payment of \$1,000,000.

#### *Black Raven Claims*

On April 23, 2017, the Company entered into an acquisition agreement (the "Black Raven Agreement") with StrikePoint Gold Inc. ("StrikePoint") to acquire a 100% interest in 6,640 hectares of mineral claims located adjacent to the Company's Wire Lake Claims.

In conjunction with the Black Raven Agreement, on April 23, 2017 the Company executed a termination and assumption agreement (the "Termination and Assumption Agreement") with the underlying optionors of the Black Raven Claims in order to terminate the underlying option agreement, discharge a future milestone payment and assume the underlying royalty obligations. The Termination and Assumption Agreement called for the Company to assume a 2.5% NSR royalty. The royalty agreement provides that 1.5% of the NSR royalty may be bought back by the Company at any time upon payment of \$1,500,000, or in increments of 0.5% NSR royalty for \$500,000 each.

## **9. Mineral Properties and Exploration Expenditures - continued**

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### **Pic Project - continued**

#### *Goodchild Claims*

On February 20, 2018, the Company purchased the Goodchild Lake mining claims (the "Goodchild Claims") from the court-appointed receiver of Century Mining Corporation ("Century") for a cash payment of \$40,000, the assumption of Century's three percent (3%) NSR royalty obligations in respect of the Goodchild Claims and the payment of a portion of the receiver's expenses associated with the transaction. In connection with the purchase, the Company also entered into an agreement with Teck Resources Limited ("Teck") to terminate certain rights Teck had in relation to the Goodchild Claims in exchange for the granting to Teck of a one-half of one percent (0.5%) NSR royalty in respect of the Goodchild Claims. The Company also entered into an agreement with the existing NSR royalty holders on the Goodchild Claims to vary the terms on which the royalty may be bought down, with the Company obtaining the right to purchase up to two-thirds of the royalty for \$1,500,000.

#### *Benton Claims*

On August 16, 2018, the Company completed the acquisition of the "Goodchild Lake" mining claims (the "Benton Claims") from Benton Resources Inc. ("Benton"). The Benton Claims consists of 31 claim cells totaling approximately 500 hectares, and covers a prospective trend adjacent to the northwest portion of the Company's 100% owned Black Raven Claims. The Company granted Benton a 1.5% NSR royalty and the Company will have the option to buy-down 50% of the NSR royalty at any time for the sum of \$750,000.

#### *Barrick Option*

On August 29, 2022, the Company executed a definitive agreement (the "Definitive Agreement") with a wholly-owned subsidiary of Barrick Gold Corporation ("Barrick") whereby Barrick will have the right to earn into 910 claims comprising 16,800 hectares for part of the Pic Project. The key terms being that:

- (i) Barrick may earn an 80% interest (the "Earn-In") in the Pic Project by delivering to the Company a Pre-Feasibility Study within six years (the "Expenditure Period") of the Definitive Agreement (of which at least \$800,000 is the guaranteed expenditure in the first twelve months, subject to certain conditions);
- (ii) In order to maintain the Earn-In right from the date of the first anniversary of the Definitive Agreement to the end of the Expenditure Period, Barrick must fund work expenditures of \$1,000,000 on or before each anniversary of the Definitive Agreement;
- (iii) Barrick will have the option to extend the Expenditure Period by two additional one-year periods by paying to the Company an amount of \$500,000 for each one-year extension;
- (iv) Subject to a successful Earn-In by Barrick, the Company and Barrick shall establish a joint-venture corporation (the "JV Corp."), to be held on the basis of 20% as to the Company and 80% as to Barrick;
- (v) If either party's interest in the JV Corp. declines below a 10% threshold, then that party's interest shall, as applicable, convert to a 1% NSR royalty.

## **9. Mineral Properties and Exploration Expenditures - continued**

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### **North Limb Project**

On May 24, 2016, the Company purchased a 100% interest in 2,160 hectares of claims approximately 40 kilometres northeast of Marathon, Ontario subject to a 1% NSR royalty on the purchased claims.

In addition to the purchased claims, the Company staked claims totaling 4,848 hectares.

On May 8, 2020, the Company closed the purchase of the Hemlo West and North Hemlo projects (collectively, the "Projects") from O3 Mining Inc. ("O3"). The North Hemlo project added 64 mining claim cells to the North Limb Project. If in the future the Company publishes a feasibility study in respect of the Projects that contains at least 2,000,000 ounces of gold categorized as Probable Mineral Reserves, Proven Mineral Reserves or a combination thereof, then the Company shall pay a discovery bonus of \$1,000,000 (in cash or shares, at the election of the Company) to O3 within ten days of such publication.

### **Hemlo West Project**

On September 28, 2022, the Company announced the execution of an Exploration Agreement (the "Agreement") with Biigtigong Nishnaabeg ("Biigtigong") which covers exploration on Project Idaho and the Pic Project. The Agreement allows for the Company to move forward expeditiously with its exploration plans for both Project Idaho and the Barrick Option. As part of the Agreement, the Company transferred the mining claims known as Hemlo West to N'hinmaagewin Ltd., a company owned by Biigtigong. The Company retained a 5% NSR royalty on the claims.

### **Newfoundland Project**

On June 3, 2024, the Company staked 153 claims covering approximately 38 square kilometres in central Newfoundland island, Newfoundland and Labrador.

### **Belcher Islands Iron Project**

On February 14, 2011, the Company entered into a Purchase Agreement (the "Agreement") to acquire up to a 100% legal and beneficial interest in the Inuit Owned Lands Mineral Exploration Agreement (the "NTI Agreement") with Nunavut Tunngavik Incorporated ("NTI") which covers the Haig Inlet Iron Project with an area of approximately 1,226 hectares, located on the Belcher Islands, Nunavut, Canada. The Company now holds a 100% interest in the NTI Agreement and the vendors retain a 3% gross overriding royalty, of which one-third can be purchased by the Company for a maximum of \$3,000,000.

**Hemlo Explorers Inc.**  
**Notes to the Condensed Interim Financial Statements**  
For the three and six months ended July 31, 2024  
(Unaudited and expressed in Canadian dollars)

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**10. Unsecured Loan**

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On May 17, 2024, the Company entered into two unsecured loan agreements (the “Loan Agreements”) with arm’s length lenders (the “Lenders”), pursuant to which the Lenders will loan to the Company a total of \$200,000 at an interest rate of 10% per annum compounded daily and payable in arrears every six months (or on maturity if paid in advance). The loans will become due on the earlier of (i) November 17, 2025 and (ii) the Company raising gross proceeds from an equity financing of at least \$500,000, but may be repaid early without penalty. Amounts drawn under the Loan Agreements are intended to be used for working capital requirements of the Company. As at July 31, 2024, accrued but unpaid interest of \$ 4,152 had been recorded.

**11. Share Capital**

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**Authorized share capital**

At July 31, 2024, the authorized share capital consisted of an unlimited number of common shares and the issued share capital amounted to 50,724,920 common shares for \$35,383,863. The common shares do not have a par value. All issued shares are fully paid.

On June 30, 2023, and July 21, 2023, the Company closed a private placement financing for gross proceeds totaling \$1,136,700 over two tranches. In the first tranche, the Company issued 7,293,333 units (“Units”), each comprised of one non flow-through common share and one common share purchase warrant (each whole common share purchase warrant, a “Warrant”) and 2,291,110 “flow-through” units (“FT Units”), each comprised of one flow-through common share and one Warrant, for aggregate gross proceeds of approximately \$753,200. In the second tranche, the Company issued 300,000 Units and 4,011,110 FT Units for aggregate gross proceeds of approximately \$383,500. Each Warrant is exercisable to acquire one common share of the Company (a “Warrant Share”) at an exercise price of \$0.15 per Warrant Share until December 30, 2024, but subject to certain accelerated expiry terms (note 13). The Company paid issuance costs of \$61,411, cash finders’ fees of \$26,118 and issued 324,800 finder's warrants (note 13) valued at \$15,857 as compensation in connection with the financing.

**Exercise of Warrants**

During the period ended July 31, 2024 and year ended January 31, 2024, no share purchase warrants were exercised.

**12. Share Options**

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The Company has an Omnibus Equity Incentive Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

**Hemlo Explorers Inc.****Notes to the Condensed Interim Financial Statements**

For the three and six months ended July 31, 2024

(Unaudited and expressed in Canadian dollars)

**12. Share Options - continued**

The Company records a charge to the statements of operations and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk-free interest rate, the level of share volatility, together with an estimate of the expected life. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

The following table reflects the continuity of share options for the year ended January 31, 2024 and period ended July 31, 2024:

	<b>Options</b>	<b>Weighted avg. exercise price</b>
Balance, January 31, 2023	2,648,334	\$ 0.45
Expired	(478,334)	0.38
Balance, January 31, 2024	2,170,000	0.47
<b>Balance, July 31, 2024</b>	<b>2,170,000</b>	<b>\$ 0.47</b>

The following table reflects the actual share options issued, exercisable, and outstanding as at July 31, 2024.

<b>Expiry date</b>	<b>Options</b>	<b>Exercise price</b>
March 9, 2025	445,000	\$ 0.30
May 19, 2025	60,000	0.45
October 5, 2025	755,000	0.80
October 23, 2025	60,000	0.80
September 27, 2026	50,000	0.35
January 11, 2027	800,000	0.225
	<b>2,170,000</b>	<b>\$ 0.47</b>

**Hemlo Explorers Inc.**  
**Notes to the Condensed Interim Financial Statements**  
For the three and six months ended July 31, 2024  
(Unaudited and expressed in Canadian dollars)

**13. Warrants**

The table below reflects the continuity of warrants for the year ended January 31, 2024 and period ended July 31, 2024:

	<b>Number of warrants</b>	<b>Allocated value</b>
Balance, January 31, 2023	4,165,264	\$ 285,786
Issued	14,220,353	379,899
Expired	(233,226)	(22,973)
Balance, January 31, 2024	18,152,391	642,712
<b>Balance, July 31, 2024</b>	<b>18,152,391</b>	<b>\$ 642,712</b>

The exercise price and expiry date of the warrants outstanding as at July 31, 2024 are:

<b>Expiry Date</b>	<b>Type</b>	<b>Number</b>	<b>Exercise Price</b>
November 25, 2024	Warrants	3,932,038	\$ 0.40
December 30, 2024	Warrants	13,895,553	0.15
December 30, 2024	Finder's warrants	324,800	0.075
		<b>18,152,391</b>	<b>\$ 0.20</b>

During the year ended January 31, 2024 and period ended July 31, 2024, the following warrants were issued and valued using the Black-Scholes option pricing model parameters listed below (in each case with no dividends):

	<b>Expiry Date</b>	<b>Stock Price</b>	<b>Exercise Price</b>	<b>Risk-free Interest Rate</b>	<b>Expected Life (years)</b>	<b>Volatility Factor</b>	<b>Fair Value</b>
2023-June Warrants	Dec. 30, 2024	\$ 0.075	\$ 0.150	4.58 %	1.50	131.04 %	\$ 0.033
2023-June Finder's wts	Dec. 30, 2024	\$ 0.075	\$ 0.075	4.58 %	1.50	131.04 %	\$ 0.044
2023-July Warrants	Dec. 30, 2024	\$ 0.110	\$ 0.150	4.71 %	1.45	131.90 %	\$ 0.057
2023-July Finder's wts	Dec. 30, 2024	\$ 0.110	\$ 0.075	4.71 %	1.45	131.90 %	\$ 0.073

**Hemlo Explorers Inc.****Notes to the Condensed Interim Financial Statements**

For the three and six months ended July 31, 2024

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**14. Loss Per Common Share**

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The following table sets forth the computation of basic and diluted loss per share for the three and six months ended July 31, 2024 and 2023:

	<b>Three months ended Jul. 31,</b>		<b>Six months ended Jul. 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Income (loss) attributable to common shareholders	\$ (178,360)	\$ (848,943)	\$ (272,374)	\$ (836,725)
Weighted-average common shares outstanding - basic and diluted	50,724,920	40,527,506	50,724,920	38,709,084
<b>Basic and diluted income (loss) per common share</b>	<b>\$ (0.004)</b>	<b>\$ (0.021)</b>	<b>\$ (0.005)</b>	<b>\$ (0.022)</b>

Diluted income (loss) per share does not include the effect of share options and warrants outstanding if their effect is anti-dilutive.

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**15. Deferred Premium on Flow-through Shares**

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To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non-flow-through common shares, any such premium is recorded as a liability on the Company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting amount recognized as income. As at July 31, 2024, the Company had no flow-through expenditure commitments.

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**16. Related Party Transactions and Balances**

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**(a) Director and executive management compensation**

Directors and executive management's compensation for the three and six months ended July 31, 2024 and 2023 consisted of the following:

	<b>Three months ended Jul. 31,</b>		<b>Six months ended Jul. 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Salary	\$ 56,700	\$ 56,700	\$ 111,317	\$ 107,150
Consulting fees	-	-	-	4,200
Employment benefits	3,782	3,688	7,662	7,320
	<b>\$ 60,482</b>	<b>\$ 60,388</b>	<b>\$ 118,979</b>	<b>\$ 118,670</b>

Directors and executive management did not receive any stock options during the six months ended July 31, 2024 and 2023.



**Hemlo Explorers Inc.**  
**Notes to the Condensed Interim Financial Statements**  
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**16. Related Party Transactions and Balances - continued**

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**(b) Director and executive management transactions**

The aggregate value of transactions and outstanding balances relating to entities over which directors and executive management have control or significant influence were as follows:

Account	Note	Transaction value		Balance outstanding	
		6 mo. ended Jul. 31, 2024	2023	as at Jul. 31, 2024	2023
Management and administrative services	(i)	\$ 72,917	\$ 31,250	\$ 37,500	\$ -
Exploration expenditures	(ii)	-	4,200	-	-
Recovery of costs	(iii)	136,750	37,700	21,950	6,500
		<b>\$ 209,667</b>	<b>\$ 73,150</b>	<b>\$ 59,450</b>	<b>\$ 6,500</b>

- (i) Brian Howlett, Chief Executive Officer and a Director of the Company, voluntarily deferred a portion of his salary from November 1, 2023 to July 31, 2024.
- (ii) The Company paid geological consulting fees to Harvey Holdings Inc., a corporation controlled by John Harvey, a member of the Board of Directors.
- (iii) The Company charged geological consulting fees to Juno Corp., a corporation with common management and directors, for the time of the Company's geologists.

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**17. Capital Risk Management**

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The Company's capital is composed of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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 properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended July 31, 2024. The Company is not subject to externally imposed capital requirements.

## **17. Capital Risk Management - continued**

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### **Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

#### **(a) Credit risk**

The Company's credit risk is primarily attributable to accounts receivable which consist primarily of Harmonized Sales Tax receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

#### **(b) Liquidity risk**

The Company is currently in the exploration stage and has not commenced commercial operations. As at the date of issue of these financial statements, the Company had an accumulated deficit of \$43,989,703. As at July 31, 2024, the Company was not yet generating operating cash flows, and had working capital of \$65,769 (January 31, 2023: \$137,282). Within this amount, it had a cash balance of \$144,492 (January 31, 2023: \$99,027) to settle current liabilities of \$113,922 (January 31, 2023: \$137,252).

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to fund its liabilities as they become due. All of the Company's financial liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company may be required to obtain additional capital to continue its progress toward recovering the amount expended on its mineral properties, and although success in this regard is not assured, management is of the opinion that additional capital can be raised as required for the foreseeable future.

#### **(c) Market risk**

##### **(i) Interest rate risk**

The Company has cash balances and no interest-bearing debt. Interest rate risk is remote.

##### **(ii) Price risk**

The Company is indirectly exposed to price risk with respect to the price of both precious and base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity. 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. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

**17. Capital Risk Management - continued**

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**Financial risk factors - continued**

**(d) Fair Value**

The fair values of the Company's cash and cash equivalents, accounts receivable and accounts payable approximate their carrying values because of the short term-nature of these instruments.

**18. Subsequent Events**

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- (a)** On September 4, 2024, the Company acquired all of the issued and outstanding common shares of Rocky Shore Metals Ltd. ("Rocky Shore Shares") in exchange for the issuance of an aggregate of 49,999,704 common shares ("Hemlo Shares") in the capital of the Company (the "Transaction") valued at \$2,499,985. Under the terms of the Transaction, each Rocky Shore Share received 2.832 Hemlo Shares. The Transaction will be accounted for as an asset acquisition, with the Company acquiring 100% ownership of six gold projects in Newfoundland and Labrador with no underlying royalties, including the flagship Gold Anchor Project which encompasses 2,100 claims and 533 square kilometres.